

**THE PRINCETHORPE
FOUNDATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31
AUGUST 2013



Charity no 1087124
Company no 4177718

THE PRINCETHORPE FOUNDATION

FINANCIAL STATEMENTS

For the year ended 31 August 2013

Company registration number	4177718
Charity registered number	1087124
Registered office	Princethorpe College Princethorpe Rugby CV23 9PX
The Head Teachers	Mr E D Hester - Princethorpe College Mr R Duigan - Crackley Hall School
Foundation Bursar	Mr E J K Tolcher
Bankers	HSBC Bank Plc PO Box 24 55 Corporation Street Coventry CV1 1QJ
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

THE PRINCETHORPE FOUNDATION

FINANCIAL STATEMENTS

For the year ended 31 August 2013

INDEX	PAGE
Report of the Trustees	1 - 6
Report of the independent auditors	7 - 8
Statement of financial activities	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12 – 20

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2013

CONSTITUTION

The Princethorpe Foundation is a company limited by guarantee, registered number 4177718. It is a registered charity, number 1087124.

The governing instruments under which the charitable company operates comprise the memorandum and articles of association of the company and the instrument of government.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Directors of the charitable company ('the Foundation') are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees are also members of the company for the purpose of company law.

The Trustees who served during the year are as follows:

Trustees

Mrs M O'Farrell (Chair)	
Prof B Ray	
Sister M J Bogle	
Mr A Q D Cornforth	
Mr D G Jackson	
Mr C J Russell	
Rev A R Whelan	(resigned 2 December 2012)
Mr P J Rush	
Mrs S Kershaw	
Mr N J P Cahill	(resigned 1 December 2012)
Miss T M McNamara	
Mr C P Long	(appointed 17 September 2012)
Mr J P R G Parsons	(appointed 25 March 2013)

Mrs S Kershaw, Mr P J Rush and Mr C J Russell retire by rotation and, being eligible, offer themselves for reappointment.

Following a detailed review of the governance of the Foundation in August 2011 the Articles of Association were amended. The Trustees will continue to review the ongoing governance of the Foundation through the Governance sub-committee.

Day to day management of the Foundation is delegated by the Trustees to the following executives:

Mr E D Hester (Senior Head of the Foundation)
Mr R Duigan (Head of the Junior School)
Mr E J K Tolcher (Foundation Bursar and Company Secretary)

Selection and induction of trustees

Trustees are selected with a view to maintaining on the governing body a balance of skills in a range of disciplines including education, finance, law, religious and pastoral issues and general business acumen. Individual qualities such as motivation and availability are also important for what is an unpaid and time-consuming commitment. Suitable candidates are identified by personal recommendations from members of staff, existing parents and trustees.

New trustees receive a comprehensive information pack detailing the role of a trustee, the Foundation and its structure, objectives and strategy. Statutory obligations are also explained and copies of relevant Charity Commission guidance are issued. In addition, each new trustee is briefed by the Heads and the Foundation Bursar and, subject to availability, offered places on bespoke training sessions organised by national bodies such as AGBIS (Association of Governing Bodies in Independent Schools).

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2013

Management structure

The Foundation consists of two schools: Princethorpe College, which is a co-educational senior school for pupils aged 11 to 18, and Crackley Hall School, which is a co-educational junior school for pupils aged 4 to 11. The junior school incorporates Little Crackers Nursery for pupils aged 2 to 4. The Trustees meet as a full board each term and undertake the management of the Foundation through a structure of sub-committees. A finance committee meets at least termly and monitors all aspects of the Foundation's finances including capital expenditure, making annual budgetary recommendations to the governing body and considering applications for bursaries. Other committees meet regularly to oversee such activities as education, staffing, marketing and communications, premises, health and safety and governance.

Day to day management of the Foundation is delegated to the Heads and Foundation Bursar who report to the Trustees and to the various sub-committees relevant to their individual responsibilities. There is a regular meeting of the Foundation's senior executives which comprise the Heads, the Foundation Bursar, the two Deputy Heads from Princethorpe College and the Assistant Head (Marketing and Operations).

Risk Management

The Trustees are responsible for the management of risk to which the charity is exposed. The major risks to the Foundation as identified by the Trustees have been reviewed and systems or procedures have been established to manage those risks. An annual re-assessment of risks is conducted as part of the strategy and business review process.

OBJECTIVES AND ACTIVITIES

Charitable Objectives

The Foundation's objectives are to establish, conduct and carry on an independent school, college and nursery or any one or more thereof, for the education of boys, girls and young adults of all or no religious denominations and of such ages as the Trustees may from time to time determine, and to do all things as are or may be incidental or conducive to the attainment of the above objects.

Aims

The Foundation aims to provide a caring Christian environment to children with a broad range of ability wherein their needs can be met and their talents developed. The Foundation pursues these objectives by creating a healthy balance between freedom and structure with an emphasis on self-discipline through responsibility and trust, supported by a high level of pastoral care.

Current Year's Objectives

The main objectives for the year were

- to continue to improve on the high levels of academic achievement, especially when assessed in terms of value-added,
- as a whole community, to follow faithfully the ethos of the school, creating an environment where each child will flourish,
- to continue to enhance the wide range of extra-curricular activities that are so enjoyed by the pupils,
- to continue the programme of refurbishment and expansion of facilities

Current Year's Strategies To Achieve Aims

Strategies employed to achieve these objectives include

- attracting and recruiting high calibre staff,
- optimising pupil/teacher ratios,
- improving training and staff development,
- providing scholarships and bursaries to allow talented pupils from less well-off backgrounds to enrol,
- managing finances so as to retain competitive fees whilst maximising funds available to improve quality of education and facilities for pupils

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2013

Current Year's Principal Activities

The Foundation successfully provided education to over 1000 pupils and a total of 251 (2012 250) pupils received help with fees to the total value of £701,374 (2012 £636,005) and the scholarships and bursaries fund is at a level equivalent to 8.3% (2012 8.0%) of fee income

The Trustees have been successful in raising some funds from existing parents and others towards the general bursary fund and the Thomas More Scholarship, both of which are actively publicised. The Thomas More Scholarship is a means tested scholarship programme which is available for Catholic pupils who currently attend Catholic Primary Schools in Rugby for entrance to Year 7 at Princethorpe in September 2013.

The Trustees are indebted to the parents' associations of both schools whose organisation of events bring together the wider school communities and whose support of school events is invaluable as well as raising significant sums of money to support the schools.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Achievements Against Objectives

- Achievement at A-level and GCSE continues to be strong and record GCSE results were achieved. Results continue to show that pupils perform well relative to their ability.
- The programme of improvement to teaching, drama, music & sporting facilities continues. The Foundation has a ten year building development plan for both schools.
- The life of the sixth form is vibrant and numbers continue to grow.
- Participation in extra-curricular sport continues to be very successful across a range of boys and girls sports including several county and national titles. The variety of other extra-curricular activities continues to grow.
- The pupils have had great range of cultural and sporting trips abroad including a rugby and hockey tours including the biennial trip to South Africa.
- There have been a large number of fund-raising activities for charitable causes, many of them student led.
- Around 120 pupils are working toward Gold, Silver or Bronze Duke of Edinburgh Awards.
- Art, music and drama are thriving with a great variety of productions and concerts through the year.
- Numbers attending Crackley Hall School continue to grow and work was completed at the beginning of the academic year on a major extension to the building providing additional classrooms including specialist art and science and technology rooms and changing rooms. The school playing fields have been up-graded including the provisions of an artificial cricket wicket.

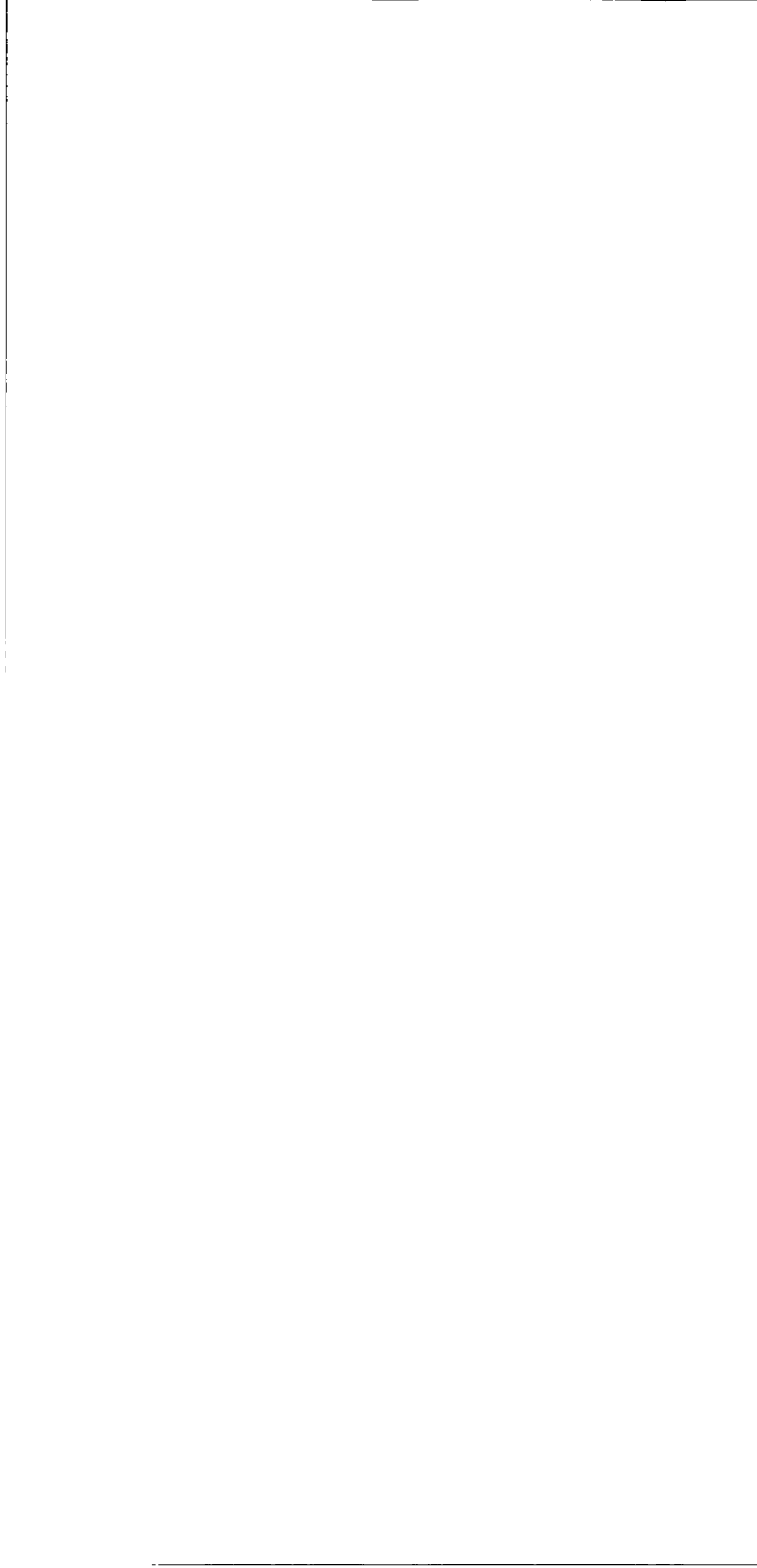
The links between the junior and senior schools are strong and continue to deepen. The Foundation is now the sole provider of independent education in Kenilworth up to the age of 11 years.

PUBLIC BENEFIT

Charitable Aims, Relevant Benefits and Beneficiaries

The Trustees are satisfied that the Schools' aims are charitable, and that its operation was and is consistent with those aims. The Trustees have also given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

In accordance with the governing instruments of the Foundation the chapel at Princethorpe College is provided to the local parish for services including weekly Mass, baptisms, weddings and funerals. No charge is made by the Foundation for these events although an occasional donation is received from the parish towards the running costs.



THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2013

Charitable Aims, Relevant Benefits and Beneficiaries (continued)

As part of the Foundation's educational provision, the schools encourage pupils to contribute to the wider community. Its recent audit of public benefit has identified a wide range of other charitable activities in which pupils are involved

- Fundraising for a wide variety of charities and other organisations including Acorns Children's Hospice, Burkina Faso Appeal, Birmingham Children's Hospital Dive Ability, Father Hudsons, LJS Foundation, Mary's Meals, Myton Hospice, Sarcome UK, Zoe's Place,
- Cancer Research, Macmillan Cancer Relief, Mary's Meals, CAFOD, Children in Need Appeal, Acorns Children's Hospice Trust, Warwickshire and Northamptonshire Air Ambulance, Teenage Cancer Trust, Breakthrough Breast Cancer and the Missionaries of the Sacred Heart,
- Christmas lunch for senior citizens from local care homes and from the local parish,
- Fundraising and practical help in local schools, care homes and institutions through Youth St Vincent de Paul Society,
- Community Service as part of Sixth Form General Studies

Children and young people who are not pupils at the Schools have also benefited from the Charity's activities consistent with its objects

- The facilities of the Foundation are provided free or at reasonable cost to a wide variety of external groups for functions for children and young people including youth sports groups, children's fun days and music festivals,
- The Foundation provides coaching in hockey to external youth teams and to individual external pupils,
- The provision of training to teachers, including remedial training sessions, in maintained schools,
- Teachers provide support for exam boards for example as examination moderators, examiners, examination leadership, and in service training (INSET) for AQA for teachers for all sectors,
- A Music Day, a Football Festival and a Hockey Festival are run annually for local schools including state schools,
- A nationally acclaimed cross country course is used by pupils in the independent and maintained sectors

There are also activities that have provided other charitable benefit, in addition to benefits directly associated with the objects of the Charity

- Pupils completing post graduate studies with various academic bodies have the facility of carrying out teaching practice,
- A regular Reading Group is open to both parents and local people,
- The use of facilities by Scouts and the DAF Owners' Club,
- The schools' facilities are used by a variety of groups at no or low cost,
- Princethorpe College takes part in the annual Heritage Open Day

The Trustees are satisfied that there is no evidence of detriment or harm associated with the Schools' activities. The ISI Inspection in 2009 reported that the provision of pastoral care and welfare was excellent

The Trustees are satisfied that any private benefits are incidental, the fee remission provided for staff being part of the employment terms offered to attract and retain high quality staff

Access

The Foundation applies appropriate academic entrance requirements to ensure that its pupils are able to benefit from the education provided. The Foundation wishes to ensure that admission to the schools is not restricted by financial circumstances excepting that overall there has to be a proper balance between income and costs such that the continuation of the Foundation will not be financially imperilled

When setting the fees for the schools Trustees are mindful of the need to ensure accessibility for as wide a range of socio-economic background as possible and therefore fee levels and increases are kept as low as practicable

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2013

Access (continued)

The Trustees are satisfied that the opportunity to benefit from the School's activities is not unreasonably restricted. The Bursary Fund is used to enable access to members of the public who might not be able to afford the full fees. Means tested bursaries were granted to 71 pupils totalling £326,159 with seventeen pupils receiving fee remissions of 75% or more including nine pupils receiving full fee remissions.

The provision of free places means that people in poverty are not excluded from the opportunity to benefit from the Schools' activities.

FINANCIAL REVIEW

Summary

The results for the year are shown on page 9. The overall results reflect an operating surplus for the year of £398,122 (2012 £264,845).

Reserves Policy

The Trustees have approved a reserves policy to help protect the Foundation against uninsurable risks and future uncertainties, and to establish a level of reserves which satisfies operating prudence, bearing in mind the impact of potential changes in the economic, political and legislative environment within which the charity functions.

The independent sector is competitive and an increase in fees requires a minimum of one term's notice. The consequence of an adverse change in the economic climate might well have a more immediate effect however, and the Foundation could be contractually obliged to carry some costs, particularly staff costs, through a period of declining income, until adjustments could be made.

The Trustees are of the view that an ideal level of free reserves should equate to between 50% and 75% of one term's operating costs with a minimum of £1m. In total general reserves are in excess of this amount and the Trustees will continue to review and monitor this policy as part of the budgetary process.

FUTURE PLANS

The Foundation's strategy and business plan looks forward five years and is reviewed and revised annually. Strategic objectives for the period are:

- to attract and recruit high calibre teaching and support staff
- to maintain and improve the academic performance of the schools
- to maintain optimum staff/pupil ratios
- to grant scholarships and bursaries thereby enabling talented pupils from less well-off backgrounds to enrol
- to manage finances such that fees are kept at competitive levels commensurate with the maintenance and improvement of a high quality learning and working environment
- to restore the chapel,
- to improve the facilities at both schools through a programme of building works and improvements

RELATED PARTIES

One Trustee, who resigned as a trustee during the year, is a member of the Society of The Missionaries of the Sacred Heart of Jesus, a voluntary association of men formed in Ireland for the promotion of the Catholic Faith. He is also a Trustee of MSC Charity Trust, a registered charity (number 801900). The purpose of that charity is to promote the objects of the Society of the Missionaries of the Sacred Heart of Jesus. A summary of transactions with those parties is disclosed in note 18 to the financial statements.

INVESTMENT POWERS

Under the memorandum and articles of association, the Foundation has the power to invest monies not immediately required for the furtherance of its objects in such manner as the Trustees may from time to time determine.

THE PRINCETHORPE FOUNDATION

REPORT OF THE TRUSTEES

For the year ended 31 August 2013

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Foundation for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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,
- 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 a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees confirm that

- so far as each Trustee is 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 charitable company's auditor are aware of that information.

AUDITORS

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Trustees



Mrs M O'Farrell
2 December 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE PRINCETHORPE FOUNDATION

We have audited the financial statements of The Princethorpe Foundation for the year ended 31 August 2013 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. 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).

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of The Princethorpe Foundation for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE PRINCETHORPE FOUNDATION (CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Grant Thornton UK LLP

Kathryn Godfree
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

2 December 2013

Company number 4177718

THE PRINCETHORPE FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 August 2013

	Note	Unrestricted funds £	Restricted funds £	2013 £	2012 £
Incoming resources					
Incoming resources from generated funds					
<i>Activities for generating funds</i>					
Lettings and other income		47,670	-	47,670	53,126
Investment income	5	391	4	395	7,693
<i>Voluntary income</i>					
Gifts and donations		1,215	235	1,450	1,175
Income from charitable activities					
School fees receivable and other ancillary income	2	9,135,681	-	9,135,681	8,595,102
Total incoming resources		9,184,957	239	9,185,196	8,657,096
Resources expended					
Costs of generating funds					
Net letting costs		-	-	-	(101)
Net incoming resources available for charitable application		9,184,957	239	9,185,196	8,656,995
Charitable activities					
		8,685,254	20,000	8,705,254	8,318,907
Governance costs		81,820	-	81,820	73,243
Total resources expended	6	8,767,074	20,000	8,787,074	8,392,150
Net incoming resources/(expenditure)	4	417,883	(19,761)	398,122	264,845
Fund balances at 31 August 2012		13,687,603	807,765	14,495,368	14,230,523
Fund balances at 31 August 2013	12/13	14,105,486	788,004	14,893,490	14,495,368

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

THE PRINCETHORPE FOUNDATION

BALANCE SHEET

For the year ended 31 August 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	7	<u>15,194,133</u>	<u>14,699,011</u>
Current assets			
Stocks		101,255	88,390
Debtors	8	324,559	282,523
Freehold property	9	-	700,000
Cash at bank and in hand		<u>4,533,879</u>	<u>652,818</u>
		<u>4,959,693</u>	<u>1,723,731</u>
Creditors amounts falling due within one year	10	<u>1,521,598</u>	<u>1,646,751</u>
Net current assets		<u>3,438,095</u>	<u>76,980</u>
Total assets less current liabilities		<u>18,632,228</u>	<u>14,775,991</u>
Creditors: amounts falling due after more than one year	11	<u>3,738,738</u>	<u>280,623</u>
Total net assets		<u>14,893,490</u>	<u>14,495,368</u>
Represented by			
Unrestricted funds	12	14,105,486	13,687,603
Restricted funds	13	<u>788,004</u>	<u>807,765</u>
Total funds		<u>14,893,490</u>	<u>14,495,368</u>

The financial statements were approved by the Trustees on 2 December 2013 and signed on their behalf by



Mrs M O'Farrell
Trustee



C J Russell
Trustee

The accompanying accounting policies and notes form an integral part of these financial statements

THE PRINCETHORPE FOUNDATION

CASH FLOW STATEMENT

For the year ended 31 August 2013

	Note	2013 £	2013 £	2012 £	2012 £
Net cash inflow from operations	15		890,256		1,314,819
Returns on investments and servicing of finance					
Interest received		395		7,693	
Interest paid		(11,220)		-	
			(10,825)		7,693
Capital expenditure and financial investment					
Proceeds from sale of tangible fixed assets		1,000,000		-	
Purchase of tangible fixed assets		(1,494,214)		(1,903,612)	
			(494,214)		(1,903,612)
Cash inflow/(outflow) before financing			385,217		(581,100)
Financing					
Proceeds from long-term borrowings		3,500,000		-	
Repayment of long-term borrowings		(4,156)		-	
			3,495,844		-
Increase/(decrease) in cash in the year	16		<u>3,881,061</u>		<u>(581,100)</u>

The accompanying accounting policies and notes form an integral part of these financial statements

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

1 PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with The Companies Act 2006, The Charity (Accounts and Report) Regulations 1995, the Statement of Recommended Practice Accounting by Charities (the SORP issued in October 2000, updated May 2005) and with applicable accounting standards. These accounts are drawn up on the historical cost convention basis. The principal accounting policies of the Foundation are set out below. The policies have remained unchanged from the previous year.

Going concern

The Trustees consider that there are sufficient funds to enable the Foundation to continue to operate for the foreseeable future, and they consider it remains appropriate to prepare the accounts on the going concern basis.

Incoming resources

School fees

School fees consist of charges for the school for the period ending 31 August.

Donations and gifts

All monetary donations and gifts are included in the statement of financial activities when received.

Investment income

Investment income, including associated income tax recoveries, is recognised when receivable.

Resources expended

Expenditure which is charged on an accruals basis, is allocated between

- costs of generating funds comprise the costs associated with attracting voluntary income
- charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them
- governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity
- all costs are allocated between expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relation to a particular activity are allocated directly, others are apportioned on an appropriate basis as set in note 6

Fund accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity, without specified purpose and are available on funds to which the charity may use for its purposes at its discretion.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives as follows:

Freehold buildings	2% per annum on cost
Fixtures, fittings and equipment	5% to 20% per annum on cost
Motor vehicles	20% per annum on cost
Computer equipment	33 1/3% per annum on cost

Items costing less than £1,000 are written off as an expense as acquired.

Stocks

Stock is valued at the lower of cost and net realisable value.

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Finance and operating leases

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

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investment properties

Investment properties are revalued annually and included in the balance sheet at open market value. Any surplus or deficit on revaluation of such properties will be transferred to an investment revaluation reserve. Where a deficit or its reversal arising from the revaluation is expected to be permanent, it will be charged to the income and expenditure account.

Pension schemes

The Foundation participates in the Teachers' Pension Scheme (England and Wales) ("the TPS") for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the Foundation. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme – Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2013 are continuing at 14.1% with employee rates varying between 6.4% and 11.2%.

Contributions are also made to pension schemes for certain non-teaching staff. Contributions are charged to income and expenditure account as paid.

Taxation

The Foundation is not liable to corporation tax due to its charitable status.

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

2 SCHOOL INCOME

	2013 £	2012 £
Fees	8,429,814	7,917,558
Transport	494,537	469,541
Shop income	117,798	133,526
Insurance income	51,645	54,336
Registration fees	16,777	16,800
Sundry receipts	25,110	3,341
	<u>9,135,681</u>	<u>8,595,102</u>
School income comprised:		
Gross school income	9,481,745	8,937,717
Less total bursaries, grants and allowances	<u>(1,051,931)</u>	<u>(1,020,159)</u>
	<u>8,429,814</u>	<u>7,917,558</u>

Bursaries, grants and allowances are made to individual students based on them meeting certain criteria. There were 68 bursaries (2012: 65), 46 allowances (2012: 31) and 161 grants (2012: 185) awarded during the 2012/13 academic year.

3 STAFF COSTS

	2013 £	2012 £
Wages and salaries	4,783,665	4,612,255
Social security costs	367,950	354,138
Pension contributions	488,725	462,310
	<u>5,640,340</u>	<u>5,428,703</u>

The average monthly number of employees during the year was as follows:

	2013 Number	2012 Number
Teachers and teacher support	109	101
Domestic	3	9
Maintenance	12	12
Cleaners	3	3
Administration	14	14
	<u>141</u>	<u>139</u>

The number of employees whose emoluments exceed £60,000 were:

	2013 Number	2012 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	2	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

No Trustees received remuneration during the year. Trustees' reimbursed expenses amounted to £3,421 (2012: £1,322).

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

4 NET INCOMING RESOURCES

	2013 £	2012 £
This is stated after charging		
Auditor's remuneration	12,875	11,785
Depreciation	699,092	619,330
Loan interest paid	11,220	-
Governors' and officers' liability insurance	756	756
Hire of plant and machinery - operating leases	16,211	18,785

5 INVESTMENT INCOME

	2013 £	2012 £
Income from bank and other deposits	395	7,693

6 TOTAL RESOURCES EXPENDED

	Basis of allocation	Charitable activities £	Governance £	Total 31 August 2013 £	31 August 2012 £
Costs directly allocated to activities					
Staff costs	Direct	5,640,340	-	5,640,340	5,428,703
Other teaching costs	Direct or usage	561,655	-	561,655	490,827
Welfare	Direct or usage	211,305	-	211,305	177,850
Premises	Direct or usage	1,244,515	-	1,244,515	1,208,451
Transport	Direct	427,004	-	427,004	427,837
Shop costs	Direct	81,692	-	81,692	65,259
Management and administration	Direct or usage	538,743	-	538,743	519,980
Support costs allocated to activities					
Legal and professional	Direct	-	81,820	81,820	73,243
		<u>8,705,254</u>	<u>81,820</u>	<u>8,787,074</u>	<u>8,392,150</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

7 TANGIBLE FIXED ASSETS

	Investment property £	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Computer hardware £	Total £
Cost						
At 1 September 2012	300,000	15,425,911	2,647,053	149,755	904,415	19,427,134
Additions	-	1,224,648	115,802	11,224	142,540	1,494,214
Disposals	(300,000)	-	-	-	-	(300,000)
At 31 August 2013	-	16,650,559	2,762,855	160,979	1,046,955	20,621,348
Depreciation						
At 1 September 2012	-	2,315,036	1,675,000	105,324	632,763	4,728,123
Charge	-	322,314	244,771	13,167	118,840	699,092
At 31 August 2013	-	2,637,350	1,919,771	118,491	751,603	5,427,215
Net book amount at 31 August 2013	-	14,013,209	843,084	42,488	295,352	15,194,133
Net book amount at 31 August 2012	300,000	13,110,875	972,053	44,431	271,652	14,699,011

All tangible fixed assets were used for charitable purposes

Freehold land of £1,000,000 (2012 £1,000,000) included above has not been depreciated

The freehold land and buildings donated to the foundation by MSC Charity Trust with effect from 1 September 2001 were professionally valued prior to the donation by Howkins & Harrison for Princethorpe College and Innes England for Crackley Hall. The values attributed to these properties were £5,900,000 and £842,099 respectively.

Inalienable and historic assets

In addition to the capitalised fixed assets held for the Foundation's own use, the Foundation also has a substantial endowment of assets bequeathed on trust for retention in perpetuity as a permanent record of the Foundation's history. These comprise a variety of religious artefacts whose intrinsic value is also bound up with the Foundation's history. These are irreplaceable originals to which no reliable cost or value can be attributed and accordingly these assets have not been capitalised in the financial statements.

8 DEBTORS

	2013 £	2012 £
Fees receivable	105,177	99,233
Other debtors	59,643	120,180
Prepayments	159,739	63,110
	324,559	282,523

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

9 PROPERTY

	2013 £	2012 £
Abbotsford School Building	-	700,000

The former Abbotsford School building, which was transferred to the Foundation as part of the transfer of engagement in 2010, was sold during the year at book value

10 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Bank loan	50,867	-
Trade creditors	632,200	416,755
Taxation and social security	104,955	102,590
Other creditors and accrued charges	190,069	481,831
Fees received in advance	506,884	616,275
Final term deposits	36,623	29,300
	<u>1,521,598</u>	<u>1,646,751</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £	2012 £
Bank loan	3,444,977	-
Final term deposits	293,761	280,623
	<u>3,738,738</u>	<u>280,623</u>

The bank loan is secured by a debenture comprising fixed and floating charges over all the assets and undertaking of the Foundation and a first legal mortgage over the freehold property at Princethorpe College

The bank loan is repayable as follows

	2013 £	2012 £
Within 1 year	50,867	-
Within 1 to 2 years	52,744	-
Within 2 to 5 years	165,215	-
Over 5 years	3,227,018	-
	<u>3,495,844</u>	<u>-</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

12 UNRESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2012 £	Income £	Expended £	Transfers £	Balance at 31 August 2013 £
Designated funds					
Tangible fixed asset fund	13,919,011	-	-	515,122	14,434,133
General reserve	(231,408)	9,184,957	(8,767,074)	(515,122)	(328,647)
Balance	<u>13,687,603</u>	<u>9,184,957</u>	<u>(8,767,074)</u>	<u>-</u>	<u>14,105,486</u>

The tangible fixed asset fund represents the net book value of tangible fixed assets excluding assets held as part of restricted funds

13 RESTRICTED FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2012 £	Income £	Expended	Balance at 31 August 2013 £
Princethorpe Chapel fixed asset fund	780,000	-	(20,000)	760,000
Historic buildings appeal fund	25,737	235	-	25,972
Biodun Olanrewaju Memorial Prize	<u>2,028</u>	<u>4</u>	<u>-</u>	<u>2,032</u>
	<u>807,765</u>	<u>239</u>	<u>(20,000)</u>	<u>788,004</u>

Princethorpe Chapel fixed asset fund

Under the terms of the gift by the MSC Charity Trust and in accordance with the memorandum of association of the Foundation, this endowment fund represents the gift of the chapel to the Foundation. The amount expended during the year represents the annual depreciation charge. This fund does not represent income available to be used on other projects. The chapel, which forms part of the premises, must be maintained as a public place of worship whilst owned by the Foundation.

Historic buildings appeal fund

This fund comprises donations made for the restoration and upkeep of the chapel and other historic buildings which form part of the premises.

Biodun Olanrewaju Memorial Prize

This fund has been set up by three former pupils in memory of their late father to provide an award to a Sixth Form leaver.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2013 were represented by			
Tangible fixed assets	14,434,133	760,000	15,194,133
Net current assets	3,410,091	28,004	3,438,095
Long term liabilities	<u>(3,738,738)</u>	<u>-</u>	<u>(3,738,738)</u>
	<u>14,105,486</u>	<u>788,004</u>	<u>14,893,490</u>

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

15 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	2013 £	2012 £
Net incoming resources	398,122	264,845
Depreciation	699,092	619,330
Investment income	(395)	(7,693)
Loan interest paid	11,220	-
Increase in stocks	(12,865)	(19,708)
(Increase)/decrease in debtors	(42,036)	98,981
(Decrease)/increase in creditors	(162,883)	359,064
Net cash inflow from operations	<u>890,256</u>	<u>1,314,819</u>

16 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2012 £	Cash flow £	At 31 August 2013 £
Cash at bank and in hand	652,818	3,881,061	4,533,879
Debts due within 1 year	-	(50,867)	(50,867)
Debts due greater than 1 year	-	(3,444,977)	(3,444,977)
	<u>652,818</u>	<u>385,217</u>	<u>1,038,035</u>

17 OPERATING LEASE COMMITMENTS

At 31 August 2013 the company had annual commitments under non-cancellable operating leases which expire

	2013 £	2012 £
Within one year	2,296	11,898
Between one and five years	<u>9,324</u>	<u>6,887</u>

18 RELATED PARTY TRANSACTIONS

One Trustee, Rev A R Whelan, who resigned as a trustee during the year, is a member of the Society of the Missionaries of the Sacred Heart of Jesus. During the year the Foundation made contributions of £6,476 (2012 £38,887) to that organisation.

The Foundation has no controlling interest.

19 CAPITAL COMMITMENTS

The Foundation had contracted capital commitments at the 31 August 2013 of £4.3m (2012 £115,287).

THE PRINCETHORPE FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2013

20 PENSION CONTRIBUTIONS

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government will be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme - Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

Under the TPS Agreement, employer contribution rates from 1 April 2012 are continuing at 14.1% with employee rates varying between 6.4% and 8.8%. For subsequent years data and information is being collated to inform a Government review of the tiering structures in advance of the Department for Education consulting on contribution increases for 2013/14 onwards.

The government have set a gross cost ceiling for the main public service pension schemes of 21.7% with a net cost ceiling of 12.1% and an average employee contribution of 9.6%. The Government Actuary's Department has in a report dated 9 March 2012 concluded that the TPS Agreement scheme design is within this required cost ceiling. This conclusion is dependent on and sensitive to the data, methodology and assumptions adopted and further details on these are available in the full Government Actuary's report which is available on the Department for Education website.

The pension charge for the year includes all contributions payable and paid to the TPS of £488,725 (2012: £462,310).

21 CONTINGENT LIABILITIES

There is a contingent liability in respect of employer pension contributions for part time teaching staff. It is not possible to quantify the extent of this liability, if any, at the present time. It is subject to the relevant former members of staff submitting and proving their claims for contribution arrears.