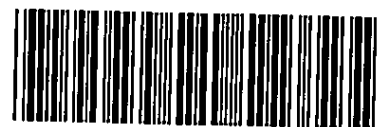


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**Annual Report**

for the year ended 31 August 2012

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## Report of the directors

for the year ended 31 August 2012

The Board of Directors present their annual report for the year ended 31 August 2012 together with the audited financial statements for the year and confirm that these comply with the requirements of the Charities Act 2011, the Companies Act 2006 the Company's Memorandum & Articles of Association and the Charities SORP 2005

### REFERENCE AND ADMINISTRATIVE INFORMATION

Scarborough College Limited is a charitable company incorporated in 1896 as a private limited company which founded the school in 1898 and which was placed in the Register of Charities in 1962

The Charity Registration Number is 529686 and the Company Registration Number is 50404. The Registered Office and principal address of the Company is at Filey Road, Scarborough, North Yorkshire, YO11 3BA. It should be noted that following a merger with Bramcote School Limited that will become the holding company (Trust) to control the assets, but with Scarborough College Limited operating and trading as normal.

### Directors

The present Directors of the Company who are also the Charity Trustees and the School Governors, and also any ex-Directors who served during the year as indicated, are

Dr J Renshaw	(Chairman)
Mr A S Green	(Deputy Chair from 2 February 2013)
Mrs L J Griffin	(Deputy Chair) Resigned 2 February 2013
Mr M J Baines	
Mrs G A Braithwaite	
Mr J Cook	Appointed 25 February 2013
Ms T Exley-Moore	Appointed 2 February 2012 resigned 30 January 2013
Mr S Fairbank	Appointed 2 February 2012
Mr J M Green	
Mr R Guthrie	Appointed 2 February 2012
Mrs Z Harrison	Resigned 1 September 2012
Mrs F Humphries	Appointed 2 February 2012
Mr R Jackson	Appointed 2 February 2012, resigned 1 September 2012
Mr J R Marshall	
Dr M Precious	
Dr I G H Renwick	
Dr C A Rhodes	
Mr J Rowlands	
Mr P F Worsley	Resigned 10 December 2011

### Officers

Headmistress	Mrs I E Nixon
Head of Junior School	Mr D N Davey
Business Manager Clerk to the Governors & Company Secretary	Mr T J Fenton

### Advisers

Auditors	Moore Stephens Chartered Accountants 12 - 13 Alma Square Scarborough YO11 1JU
Bankers	The Royal Bank of Scotland 19 Huntress Row Scarborough YO11 2ED  Allied Irish Bank (GB) Goodbard House 15 Infirmary Street Leeds LS1 2JS

## Report of the directors

for the year ended 31 August 2012

### Advisers (continued)

**Solicitors** Hague & Dixon  
Cumberland House  
Cumberland Street  
York  
YO1 9SR

**Insurance Brokers** Bluefin  
Castlemead  
Lower Castle Street  
Bristol  
BS1 3AG

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Governing Document

The Company is governed by its Memorandum and Articles of Association issued on 4 December 1896 and last amended on 31 January 2012

#### Governing Body

The present Directors of the company, who are also the Chantry Trustees and Governors of the College are stated on page two. The Board is a self-appointing body and Directors are elected at a full Directors' meeting of the Company. Directors serve for a term of four years, and Retiring Directors can be re-elected for a further or successive term of four years. A number of Directors were appointed in February 2012 following confirmation that the business would merge with Bramcote School Ltd. It is intended that the 'new' school will come into operation with effect from 1st September 2012.

Three of the Directors had children enrolled in the school during the year. The fees payable were at normal published prices.

#### Director Training

On appointment, new Directors are inducted into the workings of the Board and their responsibilities as Directors, Chantry Trustees and School Governors. The Chantry has no formal Director training procedures in place, however Directors are encouraged to attend training courses and seminars run by AGBIS (The Association of Governing Bodies of Independent Schools).

#### Organisational Management

The Directors meet as a Board at least four times a year (October, December, March and June) to determine the general policy of the Company and review its overall management and control for which they are legally responsible. The work of implementing most of their policies is carried out by the Finance and Management Committee, chaired by Mr A S Green, and which meets regularly prior to each meeting of the full Governing board, and on other occasions when necessary to regulate the administration of the College. The other principal committees is the Education Committee which will reform in future to become the Educational and Welfare Committee.

The day to day running of the College is delegated to the Headmistress, Head of the Junior School, the Business Manager and other members of the Senior Management Team. The Headmistress, Head of the Junior School and the Business Manager attend the Finance and Management Committee meetings, and the Education Committee meeting.

#### Group Structure

Scarborough College has a wholly owned non-charitable subsidiary company, Scarborough College 2000 Limited, a company incorporated in Great Britain and registered in England. The subsidiary company provides transportation services to the College, and covenants the whole of its profits to the Company. The financial results of the subsidiary are not material to the company and therefore, consolidated accounts have not been prepared.

#### Risk Management

The Board with particular assistance from its Finance and Management Committee have examined the principal areas of the College's operations and has considered the major areas of strategic, operational and business risk which the College faces. The Directors actively review the major risks that may arise on a regular basis, as well as the systems and procedures established to manage them, ensuring that those risks already identified can be mitigated. All of the identified risks are contained within the College Risk Management Summary.

## Report of the directors

for the year ended 31 August 2012

### OBJECTIVES AND ACTIVITIES

The objects of the Company, in accordance with its Memorandum of Association are to establish and conduct in Scarborough and elsewhere, a Day and Boarding School or Schools for Boys and Girls (aged 3 to 18 years) in which there shall be given a sound education, combined with moral and religious training. However, religious training now has less focus within the school curriculum compared to when the College was founded.

#### Aims and Intended Impact

Within these objects the College seeks to provide a first class independent education through strong academic tuition and through developing sporting, musical, dramatic, artistic and social skills in all its pupils.

Scarborough College's stated aim is 'to meet pupils' needs and develop their talents'. This aim is supported by eight explanatory objectives listed in the College handbook:

- To continue to meet students' academic and personal needs as a successful flourishing school
- To ensure a high degree of personal care, support and guidance within and outside the formal pastoral structure
- To encourage students to achieve their academic potential and to foster a climate in which teaching and learning of high quality are given central priority
- To respond to and support the aspirations of students and their parents and to be attentive to their views
- To promote the acquisition and development of moral values
- To cultivate and develop in students a spiritual awareness
- To provide an environment in which students feel valued and learn to work co-operatively within a community
- To support the work of the staff and with a commitment to on-going professional development

For pupils at the Junior School, the school sets out a mission statement given to staff and parents, 'to help each child develop and flourish, and extend his or her perceived potential and as a school, to improve the quality of education provided'. From this are developed aims for the school's pupils, its parents and its interaction with the local community. For pupils these include:

- the development of confidence and security,
- fostering competence in learning,
- the encouragement of self-esteem, happiness and personal fulfilment,
- care for others and the development of friendships,
- understanding of right and wrong
- preparedness for secondary education

For parents and the community, emphasis is placed on partnership and good relationships.

The main objectives, as for previous years, were to achieve excellent public examination results, to continue with the successful work related to the International Baccalaureate programme, to enhance the boarding provision and to strengthen even further the College's links with the community.

The College's strategy is to continue to develop the school's facilities, both physical and intellectual, for providing an excellent education for its students.

#### Principal Activity

The Company's principal activity continues to be the provision in Scarborough of independent education for day children between the ages of 3 to 18 years old and boarding education for children aged 11 to 18. The Junior School takes boys and girls from 3 to 11 years of age and also operates a pre-school nursery (Little Owls). The Senior School provides for students aged 11 to 18 years.

#### Volunteers

The Friends of Scarborough College continue to support the College activities through fundraising and the Board are extremely grateful for all their efforts. Their enthusiastic support of the school creates a strong bond between the school and parents and helps to strengthen community spirit. Of equal importance, the Board also acknowledges the support and loyalty shown by members of the Old Scardeburgians Association who work closely with the Friends of Scarborough College.

## Report of the directors

for the year ended 31 August 2012

### Public Benefit

The Directors consider that they have complied with their duty in the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission. A review of the significant activities undertaken by the charity during the period to further its charitable purposes for the public benefit are detailed below.

The College is very focused and aware of its responsibility to achieve public benefit by working closely with the local community whilst also developing links with other schools, charities and local organisations. The College achieves this aim in two ways, firstly by allowing its facilities to be used by the local community and secondly by advertising and offering the chance for people who have no direct link with the College to attend various functions at the College.

Events have included Shakespearean drama "Saturday Specials" and sporting competitions for local schools. The use of College facilities continues to grow with yet another exceptionally busy year.

Sporting organisations of all kinds use the school's facilities throughout the year and the College hall is used by local schools and organisations for musical and other activities.

### REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The public examination results this year continue to be very good with a 98% pass rate at the IB, and with all the students securing their chosen universities. This was also the second year that a student has gained a place at Oxford University. At GCSE, 84% of students passed 5 or more GCSEs at grades A\* to C.

In the Sixth Form the College continues to teach the International Baccalaureate Diploma Programme (IB) in preference to A' Levels, and students have maintained their position of achieving higher than average results in July 2012. The College has achieved the accolade of the best performing school at IB in the North of England, and a similar high ranking status in the national league tables of schools offering the IB.

The College continues to make very good provision for creative and aesthetic developments with music, art and drama taught throughout the school. Interest in these areas is further fostered and developed in the Extra Curricular Programme (ECP), which is an enriching experience for all students. Sports teams achieve considerable success not only in local inter school competitions but in regional and national competitions, and the College offers some of the best hockey facilities on the Yorkshire coast. Students have the opportunity to become involved in voluntary service as part of their commitment from Year 9 to the Combined Cadet Force (CCF) and from Year 10 in the Duke of Edinburgh's Award Scheme (D of E).

### FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The full financial statements and the Auditors' Report can be found in the accompanying Annual Accounts for the year.

The College produced a deficit in 2011 - 2012 of £778,443.

A major change took place in the latter half of the financial and academic year, and which impacted significantly on the financial plan set at the beginning of the year when compared against the final audited accounts. On a number of occasions in the past the College had entered into talks with Bramcote School with a view to the two schools merging. These talks came to nothing. However, in September 2011 the talks re-commenced and by early December the outline of a merger had been agreed. On 3rd February 2012 the two governing bodies met and both parties formally signed, confirming the merger of the two schools and with the creation of a new school from 1st September 2012 onwards. The decision to merge had to be made relatively early in the new year to allow for the legal timescales for any staff redundancies plus a period of time was required to bring assets and resources together to create the new school. More importantly it was totally impractical to move the children from one site to another part way through an academic year. It was therefore agreed that the two schools would continue to operate and trade independently until the end of the academic year but with both schools overseen by one governing body. Having one governing body allowed an easier transition from two entities into one. Hence these statements of account cover the trading activities of Scarborough College only, but with a number of costs relating to the merger with Bramcote School reflected in the accounts.

From the Due Diligence paperwork prepared by both schools as part of the merger process, it became apparent that Bramcote School was in a very difficult financial position. It was therefore accepted that the College would have to assist financially if required. The resultant effect was a significant draw against the College cashflow. During the merger discussions it was anticipated that any amalgamation of the two schools would come at a cost, although in the longer term bringing the assets together has placed the new school in a stronger financial position. The new school has been left with more real estate than required and a property report of the Bramcote estate completed in February 2010 indicated a valuation of circa £2 million. Future plans will include consideration of the sale of redundant buildings and land which will generate income for the new school.

Amalgamating the two schools has provided a great opportunity to improve and strengthen the quality of the education provided. The staff with the best skills and experience from the two schools will take the new school forward and the facilities of the combined school including a swimming pool and sports hall will allow the curriculum and enrichment programme to be expanded. The amalgamation of resources and assets will be a positive step forward.

The financial performance was in line with the budget plan set at the beginning of the financial year but the costs of merging the two schools generated a greater than desired deficit. As always the College's principal source of funding is school fees and an increase in pupil numbers was achieved.

The level of depreciation reflects the continuing investment in the school facilities in recent years. A continual programme of repair and refurbishment over the year has ensured the fabric of the numerous buildings has been maintained to a good standard.

**Report of the directors**

for the year ended 31 August 2012

**FINANCIAL REVIEW AND RESULTS FOR THE YEAR (continued)****Key performance indicators**

	2012	2011	2010	2009	2008
IB exam pass rate	98%	94%	100%	94%	n/a
A level pass rate	n/a	n/a	n/a	n/a	96%
GCSE pass rate (A*-C)	84%	93%	89%	80%	89%
Net fee income (£'000)	2 814	3,268	3,492	3 839	3,892
Non fee income (£'000)	191	171	198	259	238
Net incoming (outgoing) resources (£'000)	(778)	(301)	84	(178)	(210)
Capital expenditure (£'000)	12	11	26	93	159

**Reserves Policy**

The Company's unrestricted funds stood at £2,840,259 at the year end, and these were wholly deployed in funding the College's Capital Expenditure on the premises and equipment

The Board's policy is to aim to build up the free reserves to £1 million or more, equivalent to approximately three months' expenditure, by means of annual operating surpluses subject to the prior demands of further capital and revenue expenditure needed to maintain the high standard of the educational facilities provided at the College

**Market Value of Land and Buildings**

In the opinion of the Directors, the current market value of the company's land and buildings was not less than the amount of £4 285,155 shown in the balance sheet

**FUTURE PLANS**

The Board will complete the work related to the merger and the creation of a new a school from 1<sup>st</sup> September 2012 onwards. The greater impact has been on the Junior School which has become Bramcote Junior School with a mix of the Scarborough College Junior School staff plus former Bramcote School staff. The Board have endeavoured to ensure that the history, values and ethos of the College and Bramcote School will be maintained in the new school. It is also hoped that parents will share the viewpoint of the Board and the staff, that the new school offers an exciting opportunity to create a truly outstanding educational establishment. Furthermore, the assets of the two schools will be brought together strengthening the position of the College and Bramcote Junior School both as a charity and a business. The new school will be left with a number of buildings that are surplus to requirement and the Board are giving careful consideration to which of those buildings could be offered for sale or redeveloped for future use of the College. The Board will also give careful consideration on the use of any funds realised from property sale allowing for the overall financial position of the College against desired future development including replacement of the surface on the all weather pitch.

As detailed in previous Directors reports, the College was accepted by the International Baccalaureate Organisation to participate in the International Baccalaureate Diploma Programme (IB) in September 2007. It is pleasing that the examination results for the summer of 2012 were once again above the national average for those schools offering the IB programme. Indeed on the IB point score for the College placed it in pole position in the North of England and within the top 40 IB schools in the UK.

The College will continue to expand its various third party activities using the College facilities in order to maintain an element of income outside of the standard fees charged to parents. This will include use of the former Bramcote School swimming pool and sports hall. However, any fees charged for third party use of the facilities will be kept to a minimum to cover utility costs (electricity) consumed by those users. Keeping charges to a minimum and offering facilities to the largest possible audience of users will enable the College to maintain its relationship with all areas of the local community.

## Report of the directors

for the year ended 31 August 2012

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 Directors 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 directors are required to

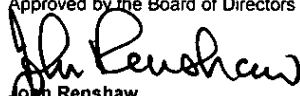
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

The Directors are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors on 13 May 2013 and signed on its behalf by



John Renshaw  
Chairman

## **Independent auditors' report to the members of Scarborough College Limited**

for the year ended 31 August 2012

We have audited the financial statements of Scarborough College Limited for the year ended 31 August 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law 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 the charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of the 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 (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

give a true and fair view of the state of the charitable company's affairs as at 31 August 2012 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

the financial statements have been prepared in accordance with 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.

### **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 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,

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 the information and explanations we require for our audit.

Sarah-Jane Sargent (Senior Statutory Auditor)  
for and on behalf of Moore Stephens  
Statutory Auditors  
Chartered Accountants  
12-13 Alma Square  
Scarborough  
YO11 1JU

14 May 2013



# **Statement of financial activities (including income and expenditure account)**

for the year ended 31 August 2012

		Continuing operations			
	Note	Unrestricted funds £	Restricted funds £	Total funds 2012 £	Total funds 2011 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
Donation - general		-	-	-	100
<b>Activities for generating funds</b>					
Summer schools hirings etc		11,448	-	11,448	18,187
<b>Investment income</b>					
Interest receivable		645	-	645	1 331
Donation - subsidiary company	6	2,900	-	2,900	6,131
<b>Incoming resources from charitable activities</b>					
Fees	2	2,738,272	75,368	2,813,640	3 268 383
Other ancillary trading income		152,501	-	152,501	145,126
<b>Total incoming resources</b>		<b>2,905,766</b>	<b>75 368</b>	<b>2 981 134</b>	<b>3,439,258</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Trading expenses		37,336	392	37,728	6,108
Inter company interest		3,961	122	4,083	-
Bank interest		23 259	598	23,857	7 397
<b>Charitable activities</b>					
Teaching costs		2,056,817	45 387	2,102,204	2,270,048
Welfare		372 836	-	372,836	363 159
Premises		566,392	14 761	581,153	590,675
Support costs		555,677	12,644	568 321	485,961
		3,616,278	73 904	3,690,182	3,723,348
<b>Governance costs</b>		66 310	3,087	69,397	17 044
<b>Total resources expended</b>		<b>3,682,588</b>	<b>76,991</b>	<b>3 759,579</b>	<b>3,740,392</b>
<b>NET OUTGOING RESOURCES</b>		<b>(776,822)</b>	<b>(1 623)</b>	<b>(778,445)</b>	<b>(301,134)</b>
Transfer between funds		600	(600)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>(776 222)</b>	<b>(2,223)</b>	<b>(778 445)</b>	<b>(301 134)</b>
Total funds brought forward at 31 August 2011		3,616,481	161,642	3,778,123	4,079,257
<b>Balances carried forward at 31 August 2012</b>		<b>2 840,259</b>	<b>159,419</b>	<b>2,999,678</b>	<b>3,778,123</b>

The results for the year derive from continuing activities and there are no gains or losses other than those shown above

**Balance sheet**

as at 31 August 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>Fixed assets</b>					
Tangible assets	5		4 353 733		4 505 908
Investments	6		115		115
			<u>4,353,848</u>		<u>4,506 023</u>
<b>Current assets</b>					
Stocks	1 05	-		3,351	
Debtors	7	2 124,531		801,093	
Cash at bank and in hand		621 349		84 727	
		<u>2 745,880</u>		<u>889 171</u>	
<b>Creditors amounts falling due within one year</b>	8	3 650 843		1 295,796	
<b>Net current liabilities</b>			(904,963)		(406,625)
<b>Total assets less current liabilities</b>			<u>3 448 885</u>		<u>4,099,398</u>
<b>Creditors amounts falling due after more than one year</b>	9		443,598		315,666
<b>Net assets</b>			<u>3 005 287</u>		<u>3 783 732</u>
<b>Capital and reserves</b>					
Called up share capital	10		5,507		5,507
Endowment fund	12 01		102		102
Restricted funds	12 02		159,419		161,642
Unrestricted funds	12 03		2,840 259		3,616,481
			<u>3,005 287</u>		<u>3,783,732</u>

Approved by the board of directors and authorised for issue on 13 May 2013



Dr J Renshaw

## Cash flow statement

for the year ended 31 August 2012

	2012 £	2012 £	2011 £	2011 £
<b>Net cash inflow/(outflow) from operating activities</b>		381 476		(301,957)
<b>Returns on investments and servicing of finance</b>				
Interest received	645		1 331	
Interest paid	(18 710)	(18 065)	(7,809)	(6,478)
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets	(11,782)		(11,430)	
Receipts from sales of tangible fixed assets	-		-	
<b>Net cash outflow for capital expenditure</b>		(11 782)		(11,430)
<b>Financing</b>				
Loans received/(repaid)		184,993		(147,617)
<b>Increase (decrease) in cash in the period</b>		<u>536 622</u>		<u>(467 482)</u>

## Notes to the cash flow statement

(a)	Reconciliation of changes in resources to net cash flow from operating activities	2012 £	2011 £		
	Net outgoing resources	(778,445)	(301,134)		
	Non-operating cash flows eliminated				
	Interest receivable	(645)	(1,331)		
	Interest payable	19,930	7,397		
	Depreciation	163 957	184 323		
	(Increase)/decrease in stocks	3,351	(1,431)		
	Decrease/(increase) in debtors	(1,323 438)	82,266		
	Increase/(decrease) in creditors	2 296,766	(272,047)		
	Net cash inflow/(outflow) from operating activities	<u>381 476</u>	<u>(301 957)</u>		
(b)	Reconciliation of net cash flow to movement in net funds/debt	2012 £	2011 £		
	Increase/(decrease) in cash in the period	536,622	(467,482)		
	Cash (inflow)/outflow from changes in debt and lease financing	(184,993)	147,617		
	Change in net funds	<u>351 629</u>	<u>(319 865)</u>		
	Net funds/(debt) brought forward	(343 500)	(23,635)		
	Net funds/(debt) carried forward	<u>8,129</u>	<u>(343,500)</u>		
(c)	Analysis of changes in net funds/(debt) during the period	At 31 August 2012 £	Cash flows £	Other non cash movements £	At 31 August 2011 £
	Cash in hand at bank	621,349	536 622	-	84,727
	Debt due within one year	(174,621)	(62,061)	-	(112 560)
	Debt due after one year	(438 599)	(122 932)	-	(315,667)
		(613,220)	(184 993)	-	(428,227)
	Total	<u>8,129</u>	<u>351 629</u>	<u>-</u>	<u>(343 500)</u>

## Notes to the accounts

for the year ended 31 August 2012

### 1 Accounting policies

These financial statements have been prepared in accordance with the Companies Act 2006, the Charities Act 2011 and applicable accounting standards under the historical cost convention. They comply with current statutory requirements and the Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005). The financial statements adopt the following principal accounting policies:

#### 1 01 Incoming resources

Fees receivable and charges for services and use of premises are accounted for in the academic year in which the service is provided. Fees receivable are after deduction of bursaries and allowances. Where fees are received in advance they are carried forward as deferred income. Donations and other income are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

#### 1 02 Resources expended

All expenditure is accounted for on an accruals basis and has been classified on an actual basis wherever possible. Overhead and other costs not directly attributable to particular functional activity categories are apportioned on the basis of management estimates of the amount attributable to that category in the year, either by reference to staff time or space occupied, as appropriate. Costs include attributable VAT which cannot be recovered.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

#### 1 03 Depreciation

Depreciation of fixed assets has been provided at various rates which are anticipated to amortise the cost over the assets' expected useful lives. Indicative annual rates are -

Freehold property	2% and 5% straight line
Motor rollers and mowers	20% straight line
Computers and other short life equipment	20% and 33% straight line
Other equipment, furnishings and fittings	20% and 10% straight line

There is no specific capitalisation threshold for tangible fixed assets. Impairment reviews are undertaken when there is indication an asset may be impaired.

#### 1 04 Grants and donations for fixed assets

The relevant assets are capitalised at cost and depreciated in accordance with note 1 03. The grant or donation is recognised in the statement of financial activities on receipt by being credited to the restricted capital grant fund and is released by a transfer to unrestricted funds over the estimated lives of the assets.

#### 1 05 Stocks

Stocks comprise consumable stores and are valued at the lower of cost and net realisable value.

#### 1 06 Subsidiary

The charity has one wholly-owned trading subsidiary, Scarborough College 2000 Limited, registered in England. A summary of the subsidiary's trading results is shown in note 6 to these accounts. The subsidiary covenants the whole of its profits to the company. The results of the subsidiary are not material to the group and therefore, consolidated accounts have not been prepared as permitted under section 405 of the Companies Act 2006.

#### 1 07 Fund accounting

Unrestricted income funds are available for use at the discretion of the trustees in furtherance of the general objectives of the College. Restricted income funds are funds to be used in accordance with specific restrictions imposed by donors or funds which have been raised for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1 08 Operating leases

Operating lease rentals are included within expenses of the period to which they relate.

#### 1 09 Pension costs

The company contributes to both the Teachers' Pensions Agency and Independent Schools' Pension defined benefit schemes at rates set by the schemes' actuaries. The schemes are multi-employer pension schemes, as a result of which it is neither possible nor appropriate to identify the assets and liabilities of the schemes which are attributable to the College. In accordance with FRS 17, therefore, the schemes are accounted for as defined contribution schemes. Contributions are charged in the financial statements in the period when they fall due.

**Notes to the accounts**

for the year ended 31 August 2012

<b>2</b>	<b>School fees</b>	<b>2012</b>	<b>2011</b>
		£	£
	The school fees income comprised		
	Gross fees	3 139,512	3,545,042
	Less Bursaries grants and allowances	(325 872)	(276,659)
		<u>2,813,640</u>	<u>3,268,383</u>

<b>3</b>	<b>Staff costs</b>	<b>2012</b>	<b>2011</b>
		£	£
	Wages and salaries	2,137,206	2,099,041
	Social security costs	147,983	156,356
	Pension contributions	239,485	242,575
		<u>2,524,674</u>	<u>2,497,972</u>

Employees' emoluments in excess of £60,000  
£70,000 - £80 000

Number  
1

Number  
1

The cost of providing a defined contribution pension for this employee was £10,575 (2011 - £10 575)

The average number of employees, analysed by function was

	<b>2012</b>	<b>2011</b>
	Number	Number
Tuition	43	46
Administration and services	29	36
	<u>72</u>	<u>82</u>

The governors received no remuneration or other benefits for the year (2011 - nil)

<b>4</b>	<b>Expenditure - Analysis of Total Resources Expended</b>	<b>Staff costs</b>	<b>Other costs</b>	<b>Depreciation</b>	<b>Total 2012</b>	<b>Total 2011</b>
		£	£	£	£	£
	<u>Costs of generating funds</u>					
	Fundraising trading costs	-	28,594	-	28,594	4 257
	Financing costs	-	37,074	-	37,074	9,248
		<u>-</u>	<u>65,668</u>	<u>-</u>	<u>65,668</u>	<u>13 505</u>
	<u>Charitable activities</u>					
	Teaching costs	1,945,915	141 362	14,927	2,102,204	2 270 048
	Welfare costs	163 649	202,977	6 210	372 836	363,159
	Premises	192,453	251 286	137,414	581,153	590,675
	Support costs of schooling	222,657	340,257	5,407	568,321	485,961
		<u>2 524 674</u>	<u>935,882</u>	<u>163 958</u>	<u>3 624 514</u>	<u>3,709 843</u>
	<u>Governance costs</u>	-	69,397	-	69,397	17,044
	Total resources expended	<u>2,524,674</u>	<u>1,070,947</u>	<u>163,958</u>	<u>3,759,579</u>	<u>3,740,392</u>

**Expenditure - Other disclosures**

	<b>2012</b>	<b>2011</b>
	£	£
<u>Governance costs include</u>		
Legal and professional fees	23 971	-
Auditors remuneration for audit	11,738	8,500
for other	32,861	7 725
Governors indemnity insurance	<u>827</u>	<u>819</u>
<u>Support costs include</u>		
Auditors remuneration for other	<u>34 810</u>	<u>-</u>

**Notes to the accounts**

for the year ended 31 August 2012

<b>5</b>	<b>Tangible assets</b>	<b>Freehold land &amp; buildings</b>	<b>Equipment, furniture &amp; fittings</b>	<b>Total</b>
	<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
	As at 31 August 2011	6 018 414	2,280,610	8 299,024
	Additions	350	11,432	11 782
	Disposals	-	-	-
	As at 31 August 2012	<u>6 018 764</u>	<u>2,292,042</u>	<u>8 310,806</u>
	<b>Depreciation</b>			
	As at 31 August 2011	1,604,408	2,188,708	3,793,116
	Provided in year	129,201	34 756	163,957
	As at 31 August 2012	<u>1,733 609</u>	<u>2,223,464</u>	<u>3 957,073</u>
	<b>Net book value</b>			
	As at 31 August 2012	<u>4,285 155</u>	<u>68 578</u>	<u>4,353,733</u>
	As at 31 August 2011	<u>4 414 006</u>	<u>91 902</u>	<u>4 505 908</u>

Freehold properties are used to secure bank loans of £613,219 and parent company bond holders of £351,750

<b>6</b>	<b>Fixed asset investments</b>	<b>Subsidiary undertaking (at cost)</b>	<b>Listed investments (at valuation)</b>	<b>Total</b>	<b>2011</b>
	<b>Cost or valuation</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
		<u>2</u>	<u>113</u>	<u>115</u>	<u>115</u>

The investment in subsidiary undertakings comprises 100% of the issued £1 share capital of Scarborough College 2000 Limited, a company registered in England. The subsidiary provides transport services to the college. The summarised results for the subsidiary were

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Turnover	94,470	91,250
Cost of sales	(78,733)	(72 180)
Administrative expenses	(12,837)	(12,939)
Operating profit	<u>2 900</u>	<u>6,131</u>
Interest payable	-	-
Gift aid donation - Scarborough College Limited	2,900	6,131
(Loss)/profit on ordinary activities before taxation	<u>-</u>	<u>-</u>
Taxation	-	-
Profit on ordinary activities after taxation	<u>-</u>	<u>-</u>
Balance brought forward	326	326
Balance carried forward	<u>326</u>	<u>326</u>
Assets	36,534	43,282
Liabilities	(36,206)	(42 954)
Shareholders' funds	<u>328</u>	<u>328</u>

**Notes to the accounts**

for the year ended 31 August 2012

7	Debtors	2012 £	2011 £
	Amounts due within one year		
	Fee debtors	2,068,405	731,289
	Amounts owed by subsidiary company	31,955	28,552
	Other debtors	7,276	7,747
	Prepayments and accrued income	16,895	33,505
		<u>2,124,531</u>	<u>801,093</u>

The amounts owed by subsidiary undertakings are unsecured non-interest bearing and repayable upon demand

Fee debtors include £10,761 (2011 - £16,406) falling due after more than one year

8	Creditors amounts falling due within one year	2012 £	2011 £
	Bank loan (see note 9)	169,621	112,560
	Trade creditors	89,134	55,847
	Amounts owed to parent company	133,670	-
	Amounts owed to subsidiary company	16,920	1,335
	Other creditors	185,791	154,900
	Accruals	71,213	44,833
	Deferred income	2,984,494	926,321
		<u>3,650,843</u>	<u>1,295,796</u>

The amounts owed to the subsidiary and parent company are unsecured, non-interest bearing and repayable upon demand

9	Creditors amounts falling due after more than one year	2012 £	2011 £
	Bank loans		
	- instalments due within one to two years	364,291	114,521
	- instalments due within two to five years	79,307	201,145
	- instalments due after five years	-	-
		<u>443,598</u>	<u>315,666</u>
		<u>443,598</u>	<u>315,666</u>

The bank loans are secured on certain freehold properties held by the company

10	Called up share capital	2012 £	2011 £
	Allotted, called up and fully paid		
	5,507 ordinary shares of £1 each	<u>5,507</u>	<u>5,507</u>

11	Allocation of net assets	Fixed assets £	Net current assets/ (liabilities) £	Long term liabilities £	Total £
	Share capital	-	5,507	-	5,507
	Endowment fund	-	102	-	102
	Restricted funds	19,417	140,002	-	159,419
	Unrestricted funds	4,334,431	(1,050,574)	(443,598)	2,840,259
		<u>4,353,848</u>	<u>(904,963)</u>	<u>(443,598)</u>	<u>3,005,287</u>

# **Notes to the accounts**

for the year ended 31 August 2012

<b>12 Funds</b>					
<b>12 01 Endowment fund</b>	At 1 September 2011	Movement in resources		Funds transfer	At 31 August 2012
	£	Incoming	Outgoing	£	£
Prize-giving fund	102	-	-	-	102
<b>12 02 Restricted funds</b>	At 1 September 2011	Movement in resources		Funds transfer	At 31 August 2012
	£	Incoming	Outgoing	£	£
Capital grants	19,417	-	-	(600)	18,817
Centenary appeal fund	509	-	-	-	509
Peggy Bailey legacy	139,765	-	-	-	139,765
Early Years funding	1,951	75,368	(76,991)	-	328
	<u>161,642</u>	<u>75,368</u>	<u>(76,991)</u>	<u>(600)</u>	<u>159,419</u>

The capital grants fund represents monies donated to the college for the purchase of equipment. The Peggy Bailey legacy represents monies donated to the college restricted to the endowment of an award, prize or scholarship for students. The Early Years funding is government funding received for the education of pupils aged 3-5 years.

<b>12 03 Unrestricted funds</b>	At 31 August 2011	Movement in resources		Funds transfer	At 31 August 2012
	£	Incoming	Outgoing	£	£
<b>General fund</b>					
<b>At 31 August</b>	<u>3,616,481</u>	<u>2,905,766</u>	<u>(3,682,588)</u>	<u>600</u>	<u>2,840,259</u>

<b>13 Operating leases</b>	2012	2011
	£	£
The College is committed to operating lease rentals payable next year for land and buildings under leases which expire - 2-5 years	<u>18,170</u>	<u>3,782</u>

<b>14 Commitments</b>	2012	2011
	£	£
Capital commitments contracted for but not provided in the accounts	<u>-</u>	<u>-</u>

<b>15 Related party transactions</b>	2012	2011
Included in these accounts are the following related party transactions and balances with Scarborough College 2000 Limited	£	£
Donation receivable	(2,900)	(6,131)
Services - other costs	94,470	68,470
Administration - management charge receivable	(10,000)	(11,000)
Debtors due within one year	31,955	39,552
Creditors due within one year	<u>(16,920)</u>	<u>(1,335)</u>

Included in these accounts are the following related party transactions and balances with Bramcote School Limited

	2012	2011
	£	£
Creditors due within one year	<u>133,670</u>	<u>-</u>

<b>16 Controlling party</b>	
The ultimate holding company is Bramcote School Limited which holds 100% of the issued share capital. The company is however under the control of the board of governors who are also the trustees of the charity and directors of the company, until 1 September 2012 when control passed to Bramcote School Limited as detailed in note 17.	

<b>17 Post balance sheet events</b>	
On 1 September 2012 the merger between Scarborough College Limited and Bramcote School Limited was effected and the trade of Bramcote School Limited transferred to this company along with all current assets and current liabilities. In addition, upon this date, the company becomes a subsidiary of Bramcote School Limited.	



## Notes to the accounts

for the year ended 31 August 2012

### 18 Pension schemes

Scarborough College Limited, together with many other independent schools, operates two contributory pension plans providing defined benefits based on final pensionable pay for its employees. The assets of the plans are held separately from those of Scarborough College Limited.

Contributions to the two schemes during the year were based on the following percentages of salary -

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Teachers' Pension Scheme	14.1%	6.4% - 8.8%	20.5% - 22.9%
Independent Schools' Pension Scheme	16.5%	8.0%	24.5%

Both pension schemes are multi-employer pension schemes, as a result of which it is neither possible nor appropriate to identify the assets and liabilities of the schemes which are attributable to the College. Accordingly the College has accounted for its contributions as if they were defined contribution schemes.

Outstanding amounts payable to the schemes at the year end were £28,156 (2011 - £29,905).

#### Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004 (published November 2006)
Actuarial method	Prospective benefits
Gross rate of return	6.5% per annum
Real rate of return in excess of prices	3.5% per annum
Real rate of return in excess of earnings	2.0% per annum
Real rate of earnings growth	1.5% per annum
Total liabilities	£166,500 million
Market value of assets at date of last valuation	£163,240 million

#### Independent Schools' Pension Scheme

The Independent Schools' Pension Scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest formal actuarial valuation	30 September 2008
Actuarial method	Projected unit
Investment returns per annum pre retirement	7.6% per annum
Investment returns per annum post retirement	- pensioner 5.7% per annum
	- non pensioner 5.2% per annum
Inflation rate	3.2% per annum
Salary scale increases per annum	3.7% per annum
Rate of pension increases	2.3% - 3.00% per annum
Market value of assets at date of last valuation	£77.4 million

The above 2008 valuation revealed a shortfall of assets compared with the value of liabilities of £25.3 million (equivalent to a past service funding level of 75.4%). The ongoing future service joint contribution rate was assessed as 20.6% of pensionable salaries. In view of the past service shortfall it was decided that participating employers would pay a joint contribution rate of 24.5% of pensionable salaries, to include a deficit contribution of 3.9% from 1 September 2010 to 31 March 2018. If the valuation assumptions are borne out in practice the envisaged pattern of contributions should be sufficient to eliminate the past service deficit on an ongoing funding basis, by 31 March 2018. The valuation is in progress and was anticipated to be finalised by 31 December 2012.