

Annual Report

for the year ended 31 August 2016

WEDNESDAY



A67LVA5D

A19

31/05/2017

#245

COMPANIES HOUSE

Strategic Report of the directors

for the year ended 31 August 2016

The Board of Directors present their annual report for the year ended 31 August 2016 together with the audited financial statements for the year. It is confirmed that these comply with the requirements of the Charities Act 2011, the Companies Act 2006, the revised Company's Memorandum & Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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 for Scarborough College 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.

The website is :- www.scarboroughcollege.co.uk

Directors

The present Directors of the Company 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 Chairman
Mr M Baines	
Mrs G A Braithwaite	
Mr J Cook *	
Mr S N Fairbank *	
Mr N Gardner	
Mr J M Green *	
Mrs V Gillingham	
Mr R Guthrie *	
Mr J R Marshall	
Dr I G H Renwick	
Mr J A Rowlands *	

* Denotes member of the Finance and Management sub-committee

Key management personnel: Key Executives

Headmaster:	Mr C M Ellison
Head of Junior School:	Mr C W Barker
Business Manager, Clerk to the Governors & Company Secretary:	Squadron Leader T J Fenton MBE (resigned 31/10/2016) Miss A J Higgins (appointed 05/12/2016)

Advisers:-

Accountants:	Moore Stephens Chartered Accountants 12-13 Alma Square Scarborough North Yorkshire YO11 1JU
Auditors:	Winn & Co Chartered Accountants and Registered Auditors 62/63 Westborough Scarborough North Yorkshire YO11 1TS
Bankers:	Lloyds Bank 1 St Nicholas Street Scarborough North Yorkshire YO11 2YY The Royal Bank of Scotland 19 Huntriss Row Scarborough North Yorkshire YO11 2ED

Strategic Report of the directors

for the year ended 31 August 2016

Advisers (continued)

Solicitors: Lupton Fawcett Denison Till
Yorkshire House
East Parade
Leeds
LS1 5BD

Insurance Brokers: Marsh
Education Practice
Capital House
1-5 Perry Mount Road
Haywards Heath
West Sussex
RH16 3SY

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles of Association issued on 4 December 1896, amended on 13 June 2005 and later amended on 2 February 2012.

Governing Body

The directors, who are also the charity trustees, are responsible for the overall management and control of the Scarborough College and meet four times a year at various sub committees, and also four times a year as the full board. The work of implementing their policies is carried out through several governors sub committees. The sub committees include a Finance and Management Committee, and Education and Welfare Committee, and a Marketing Committee. The Board is a self-appointing body, and directors are elected at a full Directors' meeting of the Company. The College Business Manager is responsible for co-ordinating the work of the Governors and their Committees, preparation of papers and management accounts, and the review of matters arising.

Director Recruitment and Training

The Governing body requires breadth and depth of experience to carry out its duties effectively and efficiently. When recruiting new governors the important attribute is a passion for the work of the College and an understanding of education as a holistic and rounded experience of personal growth. Where possible the governors consider that the skills and experience of the Board should comprise of the following:

- A governor with a legal background.
- A governor with a financial/accounting background.
- A governor with education experience and background.
- A governor with senior managerial or business experience.
- A governor with HR/employment law experience.
- A governor with property/surveying experience.

On appointment, new governors are inducted into the workings of the Board and their responsibilities as directors, charity trustees and school governors. The Charity has no formal governor training procedures in place, however governors are encouraged to attend training courses and seminars run by AGBIS (The Association of Governing Bodies of Independent Schools). Additionally, governors are encouraged to take a full part in the activities of the College including attendance at concerts and sports events, plus time in the classroom observing lessons.

Other Relationships

The Headmaster is a member of the Society of Heads, attending the society conference which is an opportunity to share expertise, knowledge and experience across the independent school sector. The conference also permits appropriate representation to Government and regulators of the views of the sector.

Organisational Management

The governors and trustees 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 the 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 committee is the Education and Welfare Committee, which as its title indicates, focuses on matters relating to education/curriculum and welfare.

The governors determine the general policy of the College but the day to day running of the College is delegated to the Headmaster, supported by the Senior Management Team. The Headmaster undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration of both the Junior and Senior schools is undertaken within the policies and procedures approved by the governors which provide for only significant expenditure decisions and major capital projects to be referred to the governors for prior approval. The approval process is detailed within the Financial Regulations of the College.

The Headmaster oversees the recruitment of all educational staff, whilst under delegated authority the Business Manager oversees the recruitment of administrative and non-teaching support staff. The Headmaster, Head of the Junior School and Business Manager attend governors' meetings.

Group Structure

Scarborough College Limited 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 incorporating Scarborough College 2000 Limited.

Strategic Report of the directors

for the year ended 31 August 2016

Related Parties

None of the governors receives remuneration or other benefits from their work with the College. Any contractual relationships must be disclosed and notes of interest are retained in written form.

Two of the governors had children enrolled in the school during the year with the fees payable were at normal published rates. This does not affect their capability to make independent and fair decisions but, if there is a specific situation where there may be conflicted interests, governors will remove themselves from meetings.

One of the governors, Mr R Guthrie, is a director of Broadland Properties Limited. During the year a sum of £20,000 (2015: £20,000) was paid to Broadland Properties for property rental on an arm's length basis.

Pay policy for senior staff

The College operates banded salary ranges for all staff including senior staff. The banded ranges are benchmarked against those of other independent schools. This allows the College to remain an attractive employer in the independent school sector.

The bands are reviewed annually and generally an inflationary increase is applied. This is dependent upon the financial success of the College and also increases being offered in similar schools. Progression within the bands is based upon performance for all levels of staff.

Risk Management

The governors and the Board of Scarborough College, with particular assistance from the College Finance and Management Committee, have examined the principal areas of the College's operations and have 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.

OBJECTIVES AND ACTIVITIES

The objects of the Company, in accordance with its Articles and 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 a moral and religious input.

Aims and Intended Impact

Within these objectives Scarborough 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 Bramcote 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 remain unchanged and 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 Scarborough College strategy is to continue to develop the school's facilities, both physical and intellectual, for providing an excellent education for its students. The enhancement of the school facilities will be driven through property development activity which is given in greater detail in the Future Plans section of this report.

Principal Activity

The principal activity continues to be the provision in Scarborough of independent education for both boarding and day children between the ages of 3 to 18 years old. The Bramcote Junior School takes boys and girls from 3 – 11 years of age and also operates a pre-school nursery (Little Owls). The Senior School provides for students aged 11 to 18 years. At the end of this academic year the student population was 304 not including younger children attending the nursery.

Strategic Report of the directors

for the year ended 31 August 2016

Volunteers

The Friends of Scarborough College, and the Old Scardeburgians Association (OSA) both continue to support the College in many ways. Both groups fund raise to support projects in the College including enhancement of the facilities. The OSA also holds regular functions bring present and past pupils together both through sport and socially. Furthermore, the OSA sponsor scholarships as part of the scholarship and bursary scheme operated by the College. The Board continue to be extremely grateful for all their efforts, and the enthusiastic support of both groups creates a strong bond between the College and parents helping to strengthen community spirit.

Public Benefit

The College remains 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 has complied with the duty in section 17(5) of the 2011 Charities Act to have due regard to guidance published by the Charity Commission.

The College continues to take a leading role in many areas of support to the local community and particularly in sport. The all weather sports pitch is used in the evenings during the week by the Scarborough Hockey Club. The Club has a large membership drawn from all areas of the Scarborough community and performs well in the area hockey league. The team train during the week and play matches on the College all weather pitch on a Saturday afternoon. During the winter football also has a large following in the town, and several teams of various age groups all play matches on the College sports field. In the summer cricket is the focus with Scarborough Cricket Club and several other village teams all using the wickets on the College sports field. The cricket teams all use the indoor nets situated in the College sports hall during the winter months and the outdoor nets on the sports field on the run up to the beginning of the season. The sports hall also provides facilities for tennis coaching.

From a sport viewpoint the summer is exceptionally busy with local cricket matches, a cricket festival arranged in partnership with Scarborough Cricket Club, a two-week hockey academy, and the Scarborough Athletic Club using the field for athletics including the long jump and running, all of which use the College facilities and minibuses. The College hosts children from other schools of the area cross country running competition, hockey and football trials.

Other non-sport related use of the College, and available to the wider community, has included concerts, a venue for the National Student Drama Festival, 'Saturday Specials' where a wide range of activities have been offered including bush craft and camping skills, Zumba fitness training, monthly concerts by the Scarborough Electric Organ Society, use of the main drama facility by another school for the production of their annual show, hosting of a book quiz involving numerous local schools, and a schools debating competition.

Community Service

Pupils in the upper age groups of the senior school undertake the Duke of Edinburgh Award scheme which requires them to complete an element of community service. Additionally, all age groups complete various fund raising activities generate money for numerous charities including the local Rainbow Centre, Guide Dogs for the Blind Scarborough MS Society and cancer related charities. Charitable donations from fund raising activities amount to £8,054.

Bursary and scholarship awards

Bursaries

The Governors view our bursary awards as important in helping to ensure children from families who would otherwise not be able to afford the fees can access the education offered by Scarborough College. Our bursary awards are available to all who meet our general entry requirements and are made solely on the basis of parental means or to relieve hardship where a pupil's education and future prospects would otherwise be at risk for example in the case of redundancy. In assessing means the College take a number of factors into consideration including family income, investments and savings, and family circumstances for example dependent relatives and the number of siblings.

Those wishing to be considered for bursary support are required to complete a Bursary Application giving full details of their financial situation, supported by original documents. Bursary remission on fees is assessed according to the guardians' ability to pay full fees and the availability of bursary funds to the College. Bursary awards are subject to the annual testing of the guardians' means.

This year the value of means tested bursaries totalled £63,704 and represented 1.6% of our gross fees. They provided assistance to 51 pupils, representing 16.8% of the school roll, of which 1 pupil benefited from a full fee remission.

Non means-tested fee remissions

The purpose of our scholarship awards is to recognise high academic, musical, and sporting potential or ability to excel in our co-curricular activities. Our scholarships are awarded on the basis of the individual's academic, musical, or sporting potential, or evidence of exceptional abilities which will contribute to our co-curricular activities; awards may be subject to conditions. Scholarships are awarded with a fixed remission of fees of between 10% and 100%. Where further assistance is required, scholarship awards may be supplemented by a means tested bursary. The value of Scholarships in the school year totalled £70,407 awarded to 38 pupils.

Other forms of non means-tested assistance were also awarded during the academic year, including sibling and staff discounts. In total these awards were made to 78 pupils and amounted to £346,097.

The progress of pupils receiving scholarships is reviewed at least annually to ensure their progress is in line with abilities. No scholarships were withdrawn in the year as a result of reviews.

Strategic Report of the directors

for the year ended 31 August 2016

Our ethos; a caring College serving our local community and society

Scarborough College is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. The fees are set at a level to ensure the financial viability of the College, and at a level that is consistent with our aim of providing a first class education to boys and girls from all backgrounds of the local community and beyond. To admit a prospective pupil we need to be satisfied that the College will be able to educate and develop a prospective pupil to the best of their potential and in line with the general standards achieved by their peers. Entrance assessments and interviews are undertaken to satisfy the College and parents that potential pupils can cope with the pace of learning and benefit from the education provided. An individual's economic status, gender, ethnicity, race, religion or disability do not form part of the assessment process.

The College is an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The College makes reasonable adjustments to meet the needs of staff or pupils who are or become disabled. The College is committed to safeguarding and promoting the welfare of the pupils and expects all staff and volunteers to share this commitment.

Parents are given regular information about their children's social and academic progress through parent evenings in addition to the traditional end of term and year reports. The College maintains regular contact with parents throughout the year through informal contacts and the termly news magazine (Horizons). All pupils have a Form Tutor responsible for pastoral care and academic development.

ACHIEVEMENTS AND PERFORMANCE

The public examination results this year continue to be excellent with an 88% pass rate at the IB. Students were successful at gaining places at the top universities. At GCSE, 95% of students passed 5 or more GCSE 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 excellent results in July 2016 ensuring that the College remained the best performing school at IB within the North of England. The excellent IB exam results with good university places that followed, continues to reinforce the College commitment to the IB, and places beyond doubt the decision to remove 'A' Levels.

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 Enhancement Programme (EP), which is an enriching experience for all students. Sports teams achieve considerable success in local inter school 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 10 in the Duke of Edinburgh's Award Scheme (D of E). Other activities on offer include football, badminton, war gaming, chess, climbing, 'boot camp' fitness sessions, archery, running and swimming. Additionally, the College senior debating team were successful in gaining a place in the national schools debating competition. Pupils also achieved considerable success in an engineering competition.

FINANCIAL REVIEW AND RESULTS

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 2015 – 2016 of £348,508. This does include an expense of £205,000 relating to the fair value adjustment on the defined benefit scheme. It is planned that the College will next year be once again in surplus and hoped that this position can be maintained for future years.

The financial performance, excluding the fair value adjustment, was improved upon with the budget plan set at the beginning of the financial year. Despite the difficult economic climate, the projections for future pupil numbers indicate positive growth, and that the College can return to a position of breaking even or generating small surpluses.

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.

Strategic Report of the directors

for the year ended 31 August 2016

Key performance Indicators

	2016	2015	2014	2013	2012
IB exam pass rate	88%	95%	95%	95%	98%
GCSE pass rate (A*-C)	95%	89%	88%	90%	84%
Net fee income (£'000)	3,755	3,899	3,544	3,158	2,814
Non fee income (£'000)	151	199	116	202	191
Net incoming (outgoing) resources before fair value adjustments (£'000)	(144)	(52)	(153)	(313)	(778)
Capital expenditure (£'000)	11	29	18	49	12

Reserves Policy

The Company's unrestricted funds stood at £742,571 at the year end, and these were wholly deployed in funding the College's Capital Expenditure on the premises and equipment. The company's restricted funds stood at £157,226 at the year end.

The policy of the Trustees and the Directors of Scarborough College is to aim to build up 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 trustees of Scarborough College the current market value of the company's land and buildings was not less than the amount £2,850,000 shown in the balance sheet.

FUTURE PLANS

As mentioned in previous reports the new school has a number of redundant buildings that are surplus to requirement, and the Board have appointed a Property Agent. The Board, with the Property Agent, have moved forward with the preparation of a plan for the rationalisation, redevelopment or sale covering every area of the College estate. Part of that plan came to fruition in the latter part of the financial year with the main part of the former Bramcote School building going forward for sale with contract exchange. Any funds realised from property sale will strengthen the financial position of the College and may allow the progression of a number of longer term projects including the construction of new 100-bed accommodation for the boarding children, replacement of the all-weather sports pitch, and further building maintenance including an extensive double glazing project plus solar panels for the Junior School roof.

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.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The group has arranged qualifying third party indemnity for all of its directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The trustees (who are also the directors of Scarborough College Limited for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and Charity Law requires the Trustees and Directors to prepare financial statements for each 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 the 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 (FRS 102)
- 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 presume that the charitable company will continue in business.

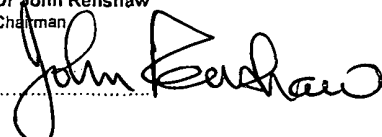
The Trustees (Directors) are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable 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 (as defined by Section 418 of the Companies Act 2006) 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 and signed on behalf of the Board of Directors by:

Dr John Renshaw
Chairman



25.5.2017

Independent auditors' report to the members of Scarborough College Limited

for the year ended 31 August 2016

We have audited the financial statements of Scarborough College Limited for the year ended 31 August 2016 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 6, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 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.

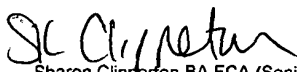
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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; 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 the information and explanations we require for our audit.



Sharon Clipperton BA FCA (Senior Statutory Auditor)
for and on behalf of Winn & Co
Statutory Auditors
Chartered Accountants
63 Westborough
Scarborough
YO11 1TS

30.05.2017

Statement of financial activities (including income and expenditure account)

for the year ended 31 August 2016

	Note	Continuing operations			Total funds 2015 £
		Unrestricted funds £	Restricted funds £	Total funds 2016 £	
Income and endowments from:					
Donations and legacies	2	11,442	-	11,442	13,868
Charitable activities	3	3,834,038	120,767	3,754,805	3,898,804
Other trading activities	4	138,797	-	138,797	184,228
Investments	5	698	-	698	663
Total income		3,784,975	120,767	3,905,742	4,097,563
Expenditure on:					
Raising funds	6	109,572	-	109,572	89,035
Charitable activities	7	3,849,133	120,545	3,969,678	3,975,491
Total expenditure		3,958,705	120,545	4,079,250	4,064,526
Net income/(expenditure)		(173,730)	222	(173,508)	33,037
Transfer between funds		600	(600)	-	-
Other recognised gains/(losses)					
Actuarial gains /(losses) on defined benefit pension schemes		(205,000)	-	(205,000)	(5,000)
Net movement in funds		(378,130)	(378)	(378,508)	28,037
Reconciliation of funds:					
Total funds brought forward at 31 August 2015		1,120,701	157,604	1,278,305	1,250,268
Total funds carried forward at 31 August 2016		742,571	157,226	899,797	1,278,305

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derives from continuing activities.

SCARBOROUGH COLLEGE LIMITED

Company registration 00 050 404


Balance sheet

as at 31 August 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	14		12,777		16,708
Tangible assets	15		2,992,135		3,026,851
Investments	16		12		12
Total fixed assets			<u>3,004,924</u>		<u>3,043,571</u>
Current assets					
Debtors	17	3,364,035		3,063,990	
Cash at bank and in hand		249,313		307,221	
Total current assets		<u>3,613,348</u>		<u>3,371,211</u>	
Liabilities					
Creditors: amounts falling due within one year	18	4,609,980		4,274,747	
Net current assets/(liabilities)			<u>(996,632)</u>		<u>(903,536)</u>
Total assets less current liabilities			<u>2,008,292</u>		<u>2,140,035</u>
Creditors: falling due after more than one year	20		(582,495)		(513,730)
Net assets excluding pension asset/liability			<u>1,425,797</u>		<u>1,626,305</u>
Defined benefit pension scheme asset or liability	30		(526,000)		(348,000)
Net assets			<u><u>899,797</u></u>		<u><u>1,278,305</u></u>
The funds of the charity:					
Called up share capital	21		5,507		5,507
Endowment funds	23.02		102		102
Restricted income funds	23.03		157,124		157,502
Unrestricted funds	23.01		721,824		1,099,954
Revaluation reserve	23.04		15,240		15,240
Total charity funds			<u><u>899,797</u></u>		<u><u>1,278,305</u></u>

Approved by the board of directors and authorised for issue on

28.5.2017


Dr J Renshaw

Statement of cash flows

for the year ended 31 August 2016

	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities				
Cash generated from operations	118,863		(280,910)	
Interest paid	(61,380)		(62,511)	
Interest element of finance lease payments paid	(12,005)		(1,607)	
Net cash generated from operating activities		45,478		(345,028)
Cash flows from investments activities				
Payments to acquire tangible fixed assets	(11,738)		(10,179)	
Payments to acquire intangible fixed assets	-		(19,656)	
Sale of fixed asset investments	-		237	
Interest received	698		663	
Net cash used from investing activities		(11,040)		(28,935)
Cash flow from financing activities				
Finance lease capital raised/(repaid)	(5,631)		(1,832)	
Loans received/(repaid)	(86,715)		365,738	
Net cash from financing activities		(92,346)		363,906
Increase (decrease) in cash and cash equivalents		(57,908)		(10,057)
Cash and cash equivalents at beginning of year		307,221		317,278
Cash and cash equivalents at end of year		<u>249,313</u>		<u>307,221</u>

Notes to the statement of cash flows
(a) Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period	(378,508)	28,037
Adjustments for:		
Depreciation charges	46,454	36,132
Amortisation charges	3,931	2,948
(Gains) or losses on investments	-	(134)
(Gains) or losses on defined benefit schemes	205,000	5,000
Interest receivable	(698)	(663)
Interest payable	75,855	76,086
Decrease/(increase) in debtors	(300,044)	(158,092)
Increase/(decrease) in creditors	502,873	(234,224)
Increase/(decrease) in provisions	(36,000)	(36,000)
Net cash provided by (used in) operating activities	<u>118,863</u>	<u>(280,910)</u>

(b) Analysis of cash and cash equivalents

	2016 £	2015 £
Cash and cash equivalents	249,313	307,221
Bank overdrafts	-	-
	<u>249,313</u>	<u>307,221</u>

Notes to the accounts

for the year ended 31 August 2016

1 Accounting policies

These financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Scarborough College Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

1.01 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP which details the transitional adjustments made.

1.02 Preparation of the accounts on a going concern basis

After reviewing the College's forecasts and projections the governors have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. The College therefore continues to adopt the going concern basis in preparing its financial statements.

1.03 Significant judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements in applying the company's policies

No significant judgements have had to be made by management in preparing these financial statements.

Critical accounting estimates and assumptions

The depreciation of the all weather astro pitch has been depreciated over its estimated useful life

1.04 Income

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 deferred until the criteria for income recognition are met (see note 19). 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.

The College has a functional and presentational currency of Pound Sterling (GBP).

1.05 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.06 Expenditure

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.

1.07 Allocation of support costs

Support costs are those functions that assist the work of the College but do not directly undertake charitable activity. Support costs include the costs of office salaries and governance costs which support the College in the provision of education. The bases on which support costs have been allocated are set out in note 8.

1.08 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade, other accounts receivable and payable and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Debt instruments such as loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised costs using the effective interest method.

1.07 Intangible assets

Intangible assets comprise of a marketing film which is being amortised over its estimated useful life of five years.

Notes to the accounts

for the year ended 31 August 2016

1.08 Tangible fixed assets

Fixed assets, with the exception of freehold land and buildings, are included in the accounts at cost less depreciation. Freehold land and buildings cost comprise a previous revaluation as deemed cost on transition to FRS 102. Depreciation of fixed assets has been provided at various rates which are anticipated to amortise the cost less residual value over the assets' expected useful lives. Indicative annual rates are:-

Freehold property	Not Provided
Motor rollers and mowers	20% straight line
Computers and other short life equipment	20% and 33% straight line
Other equipment, furnishings and fittings	2%, 10% and 20% 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.

1.09 Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment and recognised in the profit and loss account in other administrative expenses.

1.10 Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit and loss if the shares are publically traded or their fair value can be measured reliably. Other investments are measured at cost less impairment.

1.11 Grants and donations for fixed assets

The relevant assets are capitalised at cost and depreciated in accordance with note 1.08.. 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.

1.12 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 16 to these accounts. The subsidiary covenants the whole of its profits to the company. The parent is exempt from preparing group accounts as it is included in the accounts of a larger group.

1.13 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.

1.14 Leases

Assets acquired under finance lease agreements, including hire purchase agreements, are capitalised and the corresponding liability is included in creditors. Hire purchase interest is charged to the profit and loss account on a straight line basis over the period of the agreement. Operating lease rentals are included within expenses of the period to which they relate.

1.15 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 102, therefore, the schemes are accounted for as defined contribution schemes. Contributions are charged in the financial statements in the period when they fall due. The company also operates a defined contribution scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.16 Related parties

The company has taken advantage of the exemption, under the terms of FRS 102, not to disclose related party transactions with the parent company or wholly owned subsidiaries within the group.

2 Income from donations and legacies

	Unrestricted funds 2016 £	Unrestricted funds 2015 £
Donations	642	4,497
Donations - from subsidiary	10,800	9,371
Total income from donations and legacies	11,442	13,868

The income from donations and legacies was £11,442 (2015: £13,868) which is unrestricted.

3 Income from charitable activities

	2016 £	2015 £
Income from school fees		
Gross fees	4,235,013	4,399,552
Less: Bursaries, grants and allowances	(480,208)	(500,748)
Total income from charitable activities	3,754,805	3,898,804

The income from school fees was £3,754,805 (2015: £3,898,804) of which £3,634,038 (2015: £3,782,714) was unrestricted and £120,767 (2015: £116,090) was restricted. Included within restricted funds is early years funding to fund early years education of pupils aged between 3 and 5 years old.

Notes to the accounts

for the year ended 31 August 2016

4 Income from other trading activities

	Unrestricted funds 2016 £	Unrestricted funds 2015 £
Holiday club income	26,880	37,391
Less discounts	(4,236)	(4,144)
Subtotal: holiday club income	22,644	33,247
Income from school holiday/hiring's	16,367	42,065
Bus income	43,470	48,870
Registration fees	7,597	5,898
Additional chargeable activities	13,019	12,240
Administration charge	20,000	16,000
Sponsorship	1,000	1,000
Non-refundable deposits	1,200	2,543
Other income	-	6,165
Special educational needs income	13,500	16,200
Total income from other trading activities	138,797	184,228

5 Investment income

All of the company's investment income of £698 (2015: £663) arises from money held in interest bearing deposit accounts.

6 Analysis of expenditure on raising funds

	2016 £	2015 £
Bank charges	36,522	13,087
Bank loan interest	34,719	34,639
Inter company interest	32,135	30,948
Other interest	9,000	10,000
Bad debts	(2,804)	361
	109,572	89,035

7 Analysis of expenditure on charitable activities

	Provision of Education 2016 £	Total 2016 £	Total 2015 £
Teaching costs	2,222,824	2,222,824	2,337,737
Welfare costs	419,781	419,781	423,493
Premises costs	620,272	620,272	619,667
Support costs (see note 8)	619,626	619,626	561,284
Governance costs (see note 8)	87,175	87,175	33,310
Total	3,969,678	3,969,678	3,975,491

Expenditure on charitable activities was £3,969,678 (2015: £3,975,491) of which £120,545 (2015: £115,952) was restricted and £3,849,133 (2015: £3,859,539) unrestricted.

8 Analysis of governance and support costs

The College initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are allocated to the charitable activity undertaken in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance.

	General support £	Governance function £	Total £	Basis of apportionment
Salaries	178,279	-	178,279	Support cost
Staff superannuation	8,100	-	8,100	Support cost
Advertising and marketing	126,675	-	126,675	Support cost
Telephone	37,252	-	37,252	Support cost
Vehicles	144,882	-	144,882	Support cost
Depreciation	1,266	-	1,266	Support cost
Amortisation	3,931	-	3,931	Support cost
Stationery, printing, postage and administration	57,812	-	57,812	Support cost
HR Services	7,158	-	7,158	Support cost
Professional fees	1,920	-	1,920	Support cost
Agents commission	52,351	-	52,351	Support cost
Legal and professional fees	-	67,064	67,064	Governance cost
Accountancy	-	13,672	13,672	Governance cost
Audit fees	-	5,750	5,750	Governance cost
Governors indemnity insurance	-	689	689	Governance cost
	619,626	87,175	706,801	

Notes to the accounts

for the year ended 31 August 2016

9 Net income/(expenditure) for the year

	2016	2015
	£	£
This is stated after charging:		
Operating leases - equipment	73,952	63,832
Depreciation	46,454	36,132
Amortisation	3,931	2,948
Bank loan interest payable	34,719	34,639
Other interest payable	32,135	40,948
Auditor's remuneration - audit fees	5,750	7,140
Accountancy services	13,672	10,713

10 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2016	2015
	£	£
Wages and salaries	2,155,787	2,246,784
Social security costs	171,133	160,403
Pension contributions	258,462	265,645
	<u>2,585,382</u>	<u>2,672,832</u>

	Number	Number
Employees' emoluments in excess of £60,000		
£60,000 - £70,000	2	1
£70,000 - £80,000	1	1

The cost of providing a defined contribution pension for these employees was £12,360 (2015 - £19,651)

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The College governors were not paid or received any other benefits from employment with the College or its subsidiary in the year (2015 : £nil) neither were they reimbursed expenses during the year (2015: £nil). No governor received payment for professional or other services supplied to the College (2015: £nil).

The key management personnel of the College comprise the governors, the Headmaster, the Headmaster of the Junior School and the business manager. The total employee benefits, including employer pension contributions, of the key management personnel of the College were £196,819 (2015: £207,929).

11 Staff numbers

The average monthly head count was 93 staff (2015: 96 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2016	2015
	Number	Number
Tuition	50	51
Administration and services	29	30
	<u>79</u>	<u>81</u>

12 Corporation Taxation

The College is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applicable to its charitable objects.

13 Interest payable and similar charges

	2016	2015
	£	£
Loans from group undertakings	32,135	30,948
Interest expense - unwinding of discount factor	9,000	10,000
Bank loans and overdrafts	33,514	34,639
Finance leases	1,205	1,607
	<u>75,854</u>	<u>77,194</u>

Notes to the accounts

for the year ended 31 August 2016

14 Intangible assets

	Marketing film £
Cost (or Valuation)	
As at 31 August 2015	19,656
Additions	-
As at 31 August 2016	<u>19,656</u>
Amortisation	
As at 31 August 2015	2,948
Provided in year	3,931
As at 31 August 2016	<u>6,879</u>
Net book value	
As at 31 August 2016	<u>12,777</u>
As at 31 August 2015	<u>16,708</u>

15 Tangible assets

	Freehold land & buildings £	Equipment, furniture & fittings £	Total £
Cost			
As at 31 August 2015	2,850,000	2,664,196	5,514,196
Additions	-	11,738	11,738
Disposals	-	-	-
As at 31 August 2016	<u>2,850,000</u>	<u>2,675,934</u>	<u>5,525,934</u>
Depreciation			
As at 31 August 2015	-	2,487,345	2,487,345
Provided in year	-	46,454	46,454
As at 31 August 2016	<u>-</u>	<u>2,533,799</u>	<u>2,533,799</u>
Net book value			
As at 31 August 2016	<u>2,850,000</u>	<u>142,135</u>	<u>2,992,135</u>
As at 31 August 2015	<u>2,850,000</u>	<u>176,851</u>	<u>3,026,851</u>

Freehold properties are used to secure bank loans of £589,023 and parent company bond holders of £477,204.

The net book value of tangible fixed assets includes £8,877 (2015 - £14,203) in respect of assets held under hire purchase contracts.

Notes to the accounts

for the year ended 31 August 2016

16 Fixed asset investments

	Subsidiary undertaking (at cost) £	Listed investments (at valuation) £	Total £	2015 £
Cost or valuation				
As at 31 August 2015	2	10	12	115
Disposals	-	-	-	(103)
As at 31 August 2016	<u>2</u>	<u>10</u>	<u>12</u>	<u>12</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:

	2016 £	2015 £
Turnover	90,404	100,305
Cost of sales	(58,317)	(73,546)
Administrative expenses	(21,287)	(17,388)
Operating profit	<u>10,800</u>	<u>9,371</u>
Interest payable	-	-
Gift aid donation - Scarborough College Limited	10,800	9,371
(Loss)/profit on ordinary activities before taxation	<u>-</u>	<u>-</u>
Taxation	(2,160)	(2,226)
Loss on ordinary activities after taxation	<u>(2,160)</u>	<u>(2,226)</u>
Balance brought forward	8,144	10,370
Balance carried forward	<u>5,984</u>	<u>8,144</u>
Assets	11,162	15,572
Liabilities	(5,178)	(7,428)
Shareholders' funds	<u>5,984</u>	<u>8,144</u>

17 Debtors

	2016 £	2015 £
Amounts due within one year		
Fee debtors	2,900,571	2,607,566
Amounts owed by parent company	383,148	371,542
Amounts owed by subsidiary company	3,771	6,047
Other debtors	11,161	23,163
Prepayments and accrued income	65,384	55,672
	<u>3,364,035</u>	<u>3,063,990</u>

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

Fee debtors include £44,447 (2015 - £63,987) falling due after more than one year.

18 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loan (see note 20)	13,151	174,262
Trade creditors	153,606	162,545
Finance leases	5,630	5,630
Tax and social security	133,813	182,937
Other creditors	233,512	174,164
Accruals	32,033	33,792
Deferred income	4,038,235	3,541,417
	<u>4,609,980</u>	<u>4,274,747</u>

Notes to the accounts

for the year ended 31 August 2016

19 Deferred income

Deferred income comprises school fees paid in advance for the next school year.

	2016	2015
	£	£
Balance as at 1 September	3,541,417	3,563,628
Amount released to income earned from charitable activities	(3,541,417)	(3,563,628)
Amount deferred in year	4,038,235	3,541,417
Balance as at 31 August	<u>4,038,235</u>	<u>3,541,417</u>

20 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loans		
- instalments due within one to two years	13,775	209,334
- instalments due within two to five years	45,370	292,142
- instalments due after five years	516,727	-
	<u>575,872</u>	<u>501,476</u>
Finance leases		
- instalments due within one to two years	4,343	5,630
- instalments due within two to five years	480	4,583
- instalments due after five years	1,800	2,041
	<u>6,623</u>	<u>12,254</u>
	<u>582,495</u>	<u>513,730</u>

The bank loans are secured on certain freehold properties held by the company and finance leases are secured upon the assets to which they relate.

Bank borrowings at the year end total £589,023. The bank loan is repayable in 300 consecutive monthly instalments representing principal and interest and commenced May 2016. The rate of the interest payable on the loan is Base Rate plus 4.2% per annum, currently 4.7% per annum. The loan matures in 2041.

21 Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
5,507 ordinary shares of £1 each	<u>5,507</u>	<u>5,507</u>

Shares carry equal voting rights and each class of share also ranks equally in regards distributions, including distributions arising from the winding up of the College.

22 Allocation of net assets between funds

	Fixed assets	Net current assets/ (liabilities)	Long term liabilities	Total
	£	£	£	£
Share capital	-	5,507	-	5,507
Endowment fund	-	102	-	102
Restricted funds	16,417	140,707	-	157,124
Unrestricted funds	2,960,490	(1,656,171)	(582,495)	721,824
Revaluation reserve	15,240	-	-	15,240
	<u>2,992,147</u>	<u>(1,509,855)</u>	<u>(582,495)</u>	<u>899,797</u>

Notes to the accounts

for the year ended 31 August 2016

23 Analysis of charitable funds

23.01 Analysis of movements in unrestricted funds

	At 31 August 2015 £	Movement in resources		Funds transfer £	At 31 August 2016 £
		Incoming £	Outgoing £		
General fund					
At 31 August	1,099,954	3,784,975	(4,163,705)	600	721,824

The general fund relates to 'free reserves' after allowing for movement in resources during the year.

Analysis of movements in endowment funds

	At 1 September 2015 £	Movement in resources		Funds transfer £	At 31 August 2016 £
		Incoming £	Outgoing £		
23.02 Endowment fund					
Prize-giving fund	102	-	-	-	102

The prize giving fund represents monies held for the endowment of an prize.

Analysis of movements in restricted funds

	At 1 September 2015 £	Movement in resources		Funds transfer £	At 31 August 2016 £
		Incoming £	Outgoing £		
23.03 Restricted funds					
Capital grants	17,017	-	-	(600)	16,417
Centenary appeal fund	509	-	-	-	509
Peggy Bailey legacy	139,765	-	-	-	139,765
Early Years funding	211	120,767	(120,545)	-	433
	157,502	120,767	(120,545)	(600)	157,124

Name of restricted fund

Capital grants
Centenary appeal fund
Peggy Bailey Legacy

Description, nature and purposes of the fund

Monies donated to the college for the purchase of equipment.
Monies donated to the college for the purchase of all-weather sports pitch.
Represents monies donated to the college restricted to the endowment of an award, prize or scholarship for students.
Early years funding Government funding received for the education of pupils aged 3-5 years.

23.04 Analysis of movements in revaluation reserve

	At 31 August 2015 £	Movement in resources		Funds transfer £	At 31 August 2016 £
		Gain £	Loss £		
Revaluation reserve					
At 31 August	15,240	-	-	-	15,240

The revaluation reserve arose on the previous revaluation of land and buildings upon transition to FRS 102.

	2016 £	2015 £
24 Operating leases		
Minimum lease payments under operating leases fall due as follows:		
Net obligations repayable		
Within one year	67,575	68,180
Between one and five year	87,995	104,931
After more than five years	22,767	22,436

Operating lease payments recognised as an expense are £39,422 (2015 - £27,516).

	2016 £	2015 £
25 Commitments		
Capital commitments contracted for but not provided in the accounts	245,896	-

26 Contingent Liability

Prior to the date of signing the audit report the company settled an ongoing intellectual property legal case. The settlement fee was £30,000 and this is included within the legal fees expense and other creditors. The company is also required to pay the costs of the claimant. The amount of these is unknown but a reasonable estimate would be £20,000.

Notes to the accounts

for the year ended 31 August 2016

27 Related party transactions

During the year the company leased a property, on an arms length basis from Broadland Properties Limited, for £20,000 (2015: £20,000). Mr R Guthrie (a director of Scarborough College Limited), is a director of Broadland Properties Limited.

28 Controlling party

The immediate parent of the company is College Holdings 2012 Limited.

The ultimate parent and the largest group financial statements that consolidate this company is also College Holdings 2012 Limited. The registered office is Filey Road, Scarborough, North Yorkshire, YO11 3BA

College Holdings 2012 Limited has a company registration number 00580220. The company's principal purpose and activity is the same as Scarborough Limited, being as it is a holding company only.

29 First year adoption

Transitional relief

On transition to FRS 102, the College has taken advantage of the following transitional relief:

- to use a previous GAAP revaluation as deemed cost on an item of property, plant and equipment.

30 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. They also operate a defined contribution scheme

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

	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Teachers' Pension Scheme	16.5%	6.4% - 11.7%	22.9% - 28.2%
Independent Schools' Pension Scheme	11.5%	8.0%	19.5%
People's Pension	1.0%	1.0%	2.0%

Both defined benefits 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 £37,584 (2015 - £43,837).

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. However the government abandoned the 2008 scheme valuation and have now published the 2012 scheme valuation. 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 2012 (published June 2014)
Actuarial method	Projected unit
Gross rate of return	5.06% per annum
Real rate of return in excess of prices	3% per annum
Long term salary growth	2.75% per annum
Total liabilities	£191,500 billion
Market value of assets at date of last valuation	£176,600 billion

Notes to the accounts

for the year ended 31 August 2016

29 Pension schemes (continued)

Independent Schools' Pension Scheme

The College participates in the scheme, a multi-employer scheme which provides benefits to some 66 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the College to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2015. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the College is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £119.4m, liabilities of £161.2m and a deficit of £41.8m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 September 2013 to 31 August 2016:	£3,467,000 per annum (payable monthly)
From 1 September 2016 to 31 August 2026:	£3,340,000 per annum (payable monthly)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £110.0m, liabilities of £147.4m and a deficit of £37.4m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 September 2016 to 31 August 2029:	£2,341,000 per annum (payable monthly and increasing by 3% on each 1st September)
--	--

The recovery plan contributions are allocated to each participating employer in line with their estimate share of the scheme liabilities.

Where the scheme is in deficit and where the College has agreed to a deficit funding arrangement the College recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	31 August 2016 (£'000s)	31 August 2015 (£'000s)	31 August 2014 (£'000s)
Present value of provision	526	348	369
Reconciliation of opening and closing provisions			
	2016 £ (£'000s)		2015 £ (£'000s)
Provision as at 1 September	348		369
Unwinding of the discount factor (interest expense)	9		10
Deficit contribution paid	(36)		(36)
Remeasurement - impact of any change in assumptions	41		5
Remeasurement - amendments to the contribution scheme	164		-
Provision as at 31 August	526		348

Income and expenditure impact

	2016 £ (£'000s)	2015 £ (£'000s)
Interest expense	9	10
Remeasurement - impact of any change in assumptions	41	5
Remeasurement - amendments to the contribution schedule	164	-
Contributions paid in respect of future service	36	36
Costs recognised in income and expenditure account	4	-

Assumptions

	31 August 2016 % per annum	31 August 2015 % per annum	31 August 2014 % per annum
Rate of discount	1.34	2.61	2.91

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Reconciliation of Funds

1 September 2014

(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		-	-	-
Property, plant and equipment		3,987,736	(934,932)	3,052,804
Investments		115	-	115
		<u>3,987,851</u>	<u>(934,932)</u>	<u>3,052,919</u>
CURRENT ASSETS				
Debtors		2,905,898	-	2,905,898
Cash at bank and in hand		317,278	-	317,278
		<u>3,223,176</u>	<u>-</u>	<u>3,223,176</u>
CREDITORS				
Amounts falling due within one year		(4,378,443)	-	(4,378,443)
NET CURRENT LIABILITIES		<u>(1,155,267)</u>	<u>-</u>	<u>(1,155,267)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,832,584	(934,932)	1,897,652
CREDITORS				
Amounts falling due after more than one year		(278,384)	-	(278,384)
PROVISIONS FOR LIABILITIES	1	-	(369,000)	(369,000)
NET ASSETS		<u>2,554,200</u>	<u>(1,303,932)</u>	<u>1,250,268</u>
CAPITAL AND FUNDS				
Called up share capital		5,507	-	5,507
Endowment fund		102	-	102
Restricted funds		157,964	-	157,964
Unrestricted funds	1	2,375,387	(1,303,932)	1,071,455
Fair value reserve		15,240	-	15,240
TOTAL FUNDS		<u>2,554,200</u>	<u>(1,303,932)</u>	<u>1,250,268</u>

Reconciliation of Funds - continued

31 August 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Intangible assets		16,708	-	16,708
Property, plant and equipment	2	3,961,783	(934,932)	3,026,851
Investments		12	-	12
		<u>3,978,503</u>	<u>(934,932)</u>	<u>3,043,571</u>
CURRENT ASSETS				
Debtors		3,063,990	-	3,063,990
Cash at bank and in hand		307,221	-	307,221
		<u>3,371,211</u>	<u>-</u>	<u>3,371,211</u>
CREDITORS				
Amounts falling due within one year		(4,274,747)	-	(4,274,747)
NET CURRENT LIABILITIES		<u>(903,536)</u>	<u>-</u>	<u>(903,536)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,074,967	(934,932)	2,140,035
CREDITORS				
Amounts falling due after more than one year		(513,730)	-	(513,730)
PROVISIONS FOR LIABILITIES	1	-	(348,000)	(348,000)
NET ASSETS		<u>2,561,237</u>	<u>(1,282,932)</u>	<u>1,278,305</u>
CAPITAL AND FUNDS				
Called up share capital		5,507	-	5,507
Endowment fund		102	-	102
Restricted funds		157,502	-	157,502
Unrestricted funds	1	2,382,886	(1,282,932)	1,099,954
Fair value reserve		15,240	-	15,240
TOTAL FUNDS		<u>2,561,237</u>	<u>(1,282,932)</u>	<u>1,278,305</u>

Notes to the reconciliation of net funds

1 In accordance with FRS 102 section 28 the College is now required to recognise a liability for the contributions payable under the pension scheme deficit funding agreement, measured at present value. Consequently, in its opening statement of financial position at 1 September 2014 the College recognised a liability of £369,000.

The fair value movements are recognised in the Statement of Financial Activities.

2 At the date of transition additional depreciation of £84,931 was recognised on an item of property, plant and equipment

Reconciliation of Movement in Funds

for the year ended 31 August 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
Incoming and endowments from:				
Donations and legacies	1	4,497	9,371	13,868
Charitable activities		3,898,804	-	3,898,804
Other trading activities		184,228	-	184,228
Investments	1	10,034	(9,371)	663
		<u>4,097,563</u>	<u>-</u>	<u>4,097,563</u>
Expenditure on:				
Raising funds	3	79,035	10,000	89,035
Charitable activities	3	3,978,181	(2,690)	3,975,491
Governance costs	2	33,310	(33,310)	-
		<u>4,090,526</u>	<u>(26,000)</u>	<u>4,064,526</u>
Net income/(expenditure)		7,037	26,000	33,037
Other recognised gains /(losses)				
Actuarial gains/(losses) on defined benefit pension schemes	3	-	(5,000)	(5,000)
Net movement in funds		<u>7,037</u>	<u>21,000</u>	<u>28,037</u>

Notes to the reconciliation of net movement in funds

- 1 In accordance with FRS 102 this is a reclassification of the subsidiary company donation.
- 2 In accordance with the Statement of Recommended Practice governance costs have been apportioned between the costs of raising funds and charitable activities. £33,310 has been reallocated to charitable activities.
- 3 As noted on the reconciliation of equity, a pension deficit liability has been recognised as at 1 September 2014. As a result a payment of £36,000 has been reclassified from charitable activities costs to a reduction in the pension liability. In addition, the unwinding of the provision discount has been recognised as an interest expense in the costs of raising funds. A fair value increase of £5,000 during the year ended 31 August 2016 has also been reflected above.