



Annual Report

for the year ended 31 August 2014

SATURDAY



A48YK2F5

A20

06/06/2015

#185

COMPANIES HOUSE

Strategic Report of the directors

for the year ended 31 August 2014

The Board of Directors present their annual report for the year ended 31 August 2014 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 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 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.

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 J M Green	
Mr R Guthrie	
Mrs F E Humphries	(Resigned- 1 October 2013)
Rev T L Jones	(Appointed- 31 March 2014)
Mr J R Marshall	
Dr M Precious	(Resigned- 31 March 2014)
Dr I G H Renwick	
Dr C A Rhodes	
Mr J S Rowlands	

Officers

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

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:	The Royal Bank of Scotland 19 Huntriss Row Scarborough North Yorkshire YO11 2ED Allied Irish Bank (GB) Goodbard House 15 Infirmary Street Leeds LS1 2JS

Strategic Report of the directors

for the year ended 31 August 2014

Advisers (continued)

Solicitors:	Lupton Fawcett Denison Till Yorkshire House East Parade Leeds LS1 5BD Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG
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, amended on 13 June 2005 and later amended on 2 February 2012.

Governing Body

The present Directors of the company, who are also the Charity 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.

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

Director Training

On appointment, new Directors are inducted into the workings of the Board by the Company Secretary and their responsibilities as Directors, Charity Trustees and School Governors. Induction includes a briefing on governance, Child Protection policy, financial regulations and the strategic planning of the College. The Charity 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), North Yorkshire County Council on-line safeguarding plus the NCTL governors leadership and development training has been completed.

Organisational Management

The Trustees and Directors meet as a Board at least four times a year (October, December, March and June) to determine the general policy of the Companies 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 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 Headmistress and Head of the Junior School attend the Education and Welfare Committee 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 2000 Limited.

Risk Management

The Trustees and the Board of Scarborough College, with particular assistance from the College's 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.

Strategic Report of the directors

for the year ended 31 August 2014

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 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.

As covered in previous Directors' reports, the main objectives 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.

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.

Volunteers

The Friends of Scarborough College continue to support the College activities through fund raising and the Board continue to be 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.

Public Benefit

The College remains very aware 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.

Indeed the College takes a leading role in many areas of support to the local community and particularly in sport. The all weather sports pitch is in use five nights per week to support football training for several teams of various age groups, and hosts a weekly training session by the Scarborough Hockey Club who also use the pitch for matches on Saturdays. The sports hall provides facilities for tennis coaching, and also hosts weekly net training sessions by Scarborough Cricket Club who use the College wickets during the Summer months. The swimming pool is offered for use by three other schools and accommodates two other organisations offering swimming lessons. At weekends the playing fields host various football matches and during the Summer are the venue for the Scarborough Athletics Club. Also during the Summer the College facilities are used extensively for a Cricket festival arranged by Scarborough Cricket Club, and a hockey academy run privately but for the local community.

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 (NSDF), 'Saturday Specials' where a wide range of activities have been offered, Zumba fitness training, monthly concerts by the Scarborough Electric Organ, use of the main drama facility by another school, and the hosting of a book quiz involving numerous local schools. The sports facilities, including the all weather sports pitch, sports hall, fields and swimming pool are used regularly to support local sports teams, both junior and senior, throughout the year. This includes football, hockey, tennis, cricket, rugby, netball, swimming and athletics.

The College also continues to support the local community through the award of Bursaries, Scholarships and Assisted Places for children wishing to attend the College.

Strategic Report of the directors

for the year ended 31 August 2014

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

The public examination results this year continue to be excellent with a 95% pass rate at the IB, and with all the students securing their chosen universities. At GCSE, 88% 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 excellent results in July 2014 ensuring that the College remains 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.

The College continues to make very good provision for creative and aesthetic developments with music, art and drama taught throughout the school and with facilities in Design Technology expanding during the academic year. 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 9 to the Combined Cadet Force (CCF) and from Year 10 in the Duke of Edinburgh's Award Scheme (D of E). For the coming academic year it's planned to replace the CCF with a variety of outward bound activities.

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 2013 - 2014 of £152,832

As covered in the previous Directors' Report, the College merged with Bramcote School in February 2012 and created the new business structure. The 'new' school came into existence on 1st September 2012 and despite merger costs of circa £240,000, the creation of the new school has been an outstanding success. The merger provided the opportunity to bring together the best elements of both schools, strengthening the standard of education offered and which is reflected in the latest exam results, and offering larger and more diverse facilities for use by the children.

The financial performance was in line with the budget plan set at the beginning of the financial year although a forecast deficit has been reduced. The merger of the two schools continued to generate a number of previously unknown costs as the academic year started and which have impacted on the budget plan. Interest in the Nursery is very strong and for the academic year starting in September 2014, the lower Sixth Form will be the largest group for many years due to the positive impact of the IB programme. Despite the difficult economic climate, the projections for future pupil numbers indicate the continuance of positive growth, and that the College can reduce or even eliminate future deficits in the budget plans.

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.

Key performance indicators

	2014	2013	2012	2011	2010
IB exam pass rate	95%	95%	98%	94%	100%
GCSE pass rate (A*-C)	88%	90%	84%	93%	89%
Net fee income (£'000)	3,544	3,158	2,814	3,268	3,492
Non fee income (£'000)	116	202	191	171	198
Net incoming (outgoing) resources (£'000)	(153)	(313)	(778)	(301)	84
Capital expenditure (£'000)	18	49	12	11	26

Reserves Policy

The Company's unrestricted funds stood at £2,383,889 at the year end, and these were wholly deployed in funding the College's Capital Expenditure on the premises and equipment.

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 £3,700,000 shown in the balance sheet.

Strategic Report of the directors

for the year ended 31 August 2014

FUTURE PLANS

The merger of the two schools is almost complete and the Board believe they have achieved the objectives set out and agreed prior to the merger including the continuance of the Bramcote name, preservation wherever possible of the Bramcote history, and maintenance of values and ethos of both schools. The 'truly outstanding educational establishment' mentioned in the previous Directors report continues to be achievable and the IB exam results already reflect this.

As mentioned in previous reports the new school has been left with a number of vacant 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. 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, and replacement of the all-weather sports pitch.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company and Charity Law requires the Trustees and Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its net income or expenditure for that year. In preparing those accounts the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Follow applicable accounting standards and the Charities SORP, disclosing and explaining any material departures in the accounts.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the charitable company will continue in business.

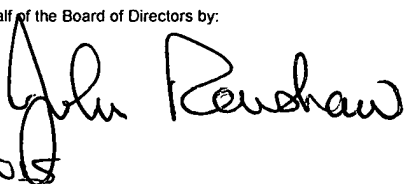
The Trustees (Directors) are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Companies and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Companies Act 2006.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

Dr John Renshaw
Chairman



5 JUNE 2015

Independent auditors' report to the members of Scarborough College Limited

for the year ended 31 August 2014

We have audited the financial statements of Scarborough College Limited for the year ended 31 August 2013 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 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 2014 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.

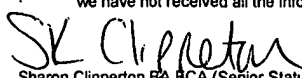
Opinion on other matter prescribed by the Companies Act 2006

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

5 JUNE 2015

Statement of financial activities (including income and expenditure account)

for the year ended 31 August 2014

		Continuing operations			
	Note	Unrestricted funds £	Restricted funds £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income:					
Donation - general		6,446	-	6,446	-
Activities for generating funds:					
Summer schools, hirings etc.		50,987	-	50,987	49,413
Investment income:					
Interest receivable		825	-	825	464
Donation - subsidiary company		5,285	-	5,285	576
Incoming resources from charitable activities					
Fees	2	3,457,749	86,639	3,544,388	3,157,236
Other ancillary trading income		115,752	-	115,752	151,936
Total incoming resources		3,637,044	86,639	3,723,683	3,359,625
RESOURCES EXPENDED					
Costs of generating funds					
Trading expenses	4	(7,688)	-	(7,688)	13,869
Inter company interest		29,839	-	29,839	28,531
Bank interest		22,424	2,129	24,553	30,356
Charitable activities					
Teaching costs		2,150,264	63,027	2,213,291	2,094,158
Welfare		403,188	-	403,188	373,767
Premises		574,133	13,928	588,061	557,513
Support costs		575,761	6,900	582,661	548,551
		3,747,921	85,984	3,833,905	3,646,745
Governance costs		41,605	1,005	42,610	26,375
Total resources expended		3,789,526	86,989	3,876,515	3,673,120
NET OUTGOING RESOURCES		(152,482)	(350)	(152,832)	(313,495)
OTHER RECOGNISED GAINS/LOSSES					
Gains on revaluation of fixed assets for charity's own use		-	-	-	15,240
Transfer between funds		600	(600)	-	-
NET MOVEMENT IN FUNDS		(151,882)	(950)	(152,832)	(298,255)
Total funds brought forward at 31 August 2013		2,542,509	159,016	2,701,525	2,999,780
Balances carried forward at 31 August 2014		2,390,627	158,066	2,548,693	2,701,525

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

SCARBOROUGH COLLEGE LIMITED

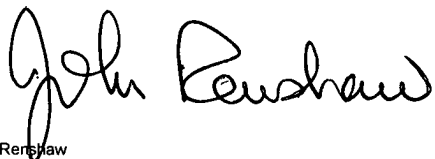
Company registration 00 050 404

Balance sheet

as at 31 August 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	7		3,987,736		4,381,793
Investments	8		115		115
			<u>3,987,851</u>		<u>4,381,908</u>
Current assets					
Debtors	9	2,905,898		2,425,309	
Cash at bank and in hand		317,278		363,935	
		<u>3,223,176</u>		<u>2,789,244</u>	
Creditors: amounts falling due within one year	10	4,378,443		4,173,453	
Net current liabilities			(1,155,267)		(1,384,209)
Total assets less current liabilities			<u>2,832,584</u>		<u>2,997,699</u>
Creditors: amounts falling due after more than one year	11		278,384		290,667
Net assets			<u>2,554,200</u>		<u>2,707,032</u>
Capital and reserves					
Called up share capital	12		5,507		5,507
Endowment fund	14.01		102		102
Restricted funds	14.02		157,964		158,914
Unrestricted funds	14.03		2,375,387		2,527,269
Revaluation reserve	14.04		15,240		15,240
			<u>2,554,200</u>		<u>2,707,032</u>

Approved by the board of directors and authorised for issue on 5 JUNE 2015



Dr J Renshaw

Cash flow statement

for the year ended 31 August 2014

	2014 £	2014 £	2013 £	2013 £
Net cash inflow/(outflow) from operating activities		(212,479)		(5,624)
Returns on investments and servicing of finance				
Interest received	825		464	
Interest paid	(54,540)		(58,888)	
Interest element of finance lease rentals	(2,405)		(730)	
		(56,120)		(59,154)
Capital expenditure				
Payments to acquire tangible fixed assets	(18,139)		(22,422)	
Receipts from sales of tangible fixed assets	380,000		-	
Net cash outflow for capital expenditure		361,861		(22,422)
Financing				
Finance lease capital raised/(repaid)	(3,585)		(3,329)	
Loans received/(repaid)	(136,333)		(166,886)	
		(139,918)		(170,215)
Increase (decrease) in cash in the period		<u>(46,656)</u>		<u>(257,415)</u>

Notes to the cash flow statement

(a) Reconciliation of changes in resources to net cash flow from operating activities		2014 £		2013 £
Net outgoing resources		(152,832)		(313,495)
Non-operating cash flows eliminated:				
Interest receivable		(825)		(464)
Interest payable		56,797		59,618
Depreciation		32,196		36,232
Decrease/(increase) in debtors		(482,634)		(294,936)
Increase/(decrease) in creditors		334,819		507,421
Net cash inflow/(outflow) from operating activities		<u>(212,479)</u>		<u>(5,624)</u>
(b) Reconciliation of net cash flow to movement in net funds/debt		2014 £	2014 £	2013 £
Increase/(decrease) in cash in the period		(46,656)		(257,415)
Cash (inflow)/outflow from changes in debt and lease financing		139,918		170,215
Other non-cash movements		-		(26,630)
Change in net funds			93,262	(113,830)
Net funds/(debt) brought forward			(105,701)	8,129
Net funds/(debt) carried forward			<u>(12,439)</u>	<u>(105,701)</u>
(c) Analysis of changes in net funds/(debt) during the period	At 31 August 2014	Cash flows	Other non cash movements	At 31 August 2013
	£	£	£	£
Cash in hand, at bank	317,278	(46,656)	-	363,934
Debt due within one year	(49,288)	129,680	-	(178,968)
Debt due after one year	(280,429)	10,238	-	(290,667)
	(329,717)	139,918	-	(469,635)
Total	<u>(12,439)</u>	<u>93,262</u>	<u>-</u>	<u>(105,701)</u>

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £nil (2013 - £26,630).

Notes to the accounts

for the year ended 31 August 2014

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 Fixed assets

Fixed assets, with the exception of freehold land and buildings, are included in the accounts at cost less depreciation. A change of accounting policy, as described in note 2, has been effected in the current year to include freehold land and buildings at their year end valuation in accordance with FRS 15. Revaluation gains and losses are normally recognised in the statement of financial activities and transferred to a revaluation reserve.

1.04 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	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.

The nature of the company's business requires that, in order to protect the trade, the property is maintained to such a standard that the trustees anticipate that, for the foreseeable future, their estimated residual value will not be less than the value as shown in these accounts. This departure from statutory accounting principles is enabled under Section 396(5) of the Companies Act 2006 for the overriding purpose of presenting a true and fair view. Assets which are not depreciated are the subject of an annual impairment review.

1.05 Grants and donations for fixed assets

The relevant assets are capitalised at cost and depreciated in accordance with notes 1.03 and 1.04. 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.

1.06 Stocks

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

1.07 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 8 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.

1.08 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.

1.09 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.

1.10 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. 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.

Notes to the accounts

for the year ended 31 August 2014

2	School fees	2014	2013			
		£	£			
	The school fees income comprised:					
	Gross fees	4,046,655	3,605,366			
	Less: Bursaries, grants and allowances	(502,267)	(448,130)			
		<u>3,544,388</u>	<u>3,157,236</u>			
3	Staff costs	2014	2013			
		£	£			
	Wages and salaries	2,133,663	1,998,970			
	Social security costs	157,918	147,983			
	Pension contributions	257,650	228,281			
		<u>2,549,231</u>	<u>2,375,234</u>			
	Employees' emoluments in excess of £60,000	Number	Number			
	£60,000 - £70,000	1	1			
	£70,000 - £80,000	1	1			
	The cost of providing a defined contribution pension for these employees was £19,467 (2013 - £19,284)					
	The average number of employees, analysed by function, was:	2014	2013			
		Number	Number			
	Tuition	57	53			
	Administration and services	40	38			
		<u>97</u>	<u>91</u>			
	The governor's received no remuneration or other benefits for the year (2013 - nil).					
4	Expenditure - Analysis of Total Resources Expended	Staff costs £	Other costs £	Depreciation £	Total 2014 £	Total 2013 £
	<u>Costs of generating funds</u>					
	Fundraising trading costs	-	(26,818)	-	(26,818)	669
	Financing costs	-	73,522	-	73,522	72,087
		<u>-</u>	<u>46,704</u>	<u>-</u>	<u>46,704</u>	<u>72,756</u>
	<u>Charitable activities</u>					
	Teaching costs	2,062,872	143,531	6,888	2,213,291	2,094,158
	Welfare costs	79,877	321,705	1,606	403,188	373,767
	Premises	224,076	340,642	23,343	588,061	557,513
	Support costs of schooling	182,406	399,895	360	582,661	548,551
		<u>2,549,231</u>	<u>1,205,773</u>	<u>32,197</u>	<u>3,787,201</u>	<u>3,573,989</u>
	<u>Governance costs</u>	-	42,610	-	42,610	26,375
	Total resources expended	<u>2,549,231</u>	<u>1,295,087</u>	<u>32,197</u>	<u>3,876,515</u>	<u>3,673,120</u>
	Expenditure - Other disclosures			2014	2013	
				£	£	
	<u>Governance costs include:</u>					
	Legal and professional fees			18,388	3,287	
	Accountancy fees			16,287	15,121	
	Auditors remuneration: for audit Winn & Co			7,140	7,140	
	Governors indemnity insurance			<u>795</u>	<u>827</u>	
	<u>Support costs include:</u>					
	Accountancy support: for other			<u>1,600</u>	<u>8,774</u>	

Notes to the accounts

for the year ended 31 August 2014

6	Interest payable and similar charges	2014 £	2013 £
	Loans from group undertakings	29,839	28,531
	Bank loans and overdrafts	24,553	30,356
	Finance leases	2,045	730
		<u>56,437</u>	<u>59,617</u>

7	Tangible assets	Freehold land & buildings £	Equipment, furniture & fittings £	Total £
	Cost (or Valuation)			
	As at 31 August 2013	4,080,000	2,635,878	6,715,878
	Additions	-	18,139	18,139
	Disposals	(380,000)	-	(380,000)
	As at 31 August 2014	<u>3,700,000</u>	<u>2,654,017</u>	<u>6,354,017</u>
	Depreciation			
	As at 31 August 2013	-	2,334,085	2,334,085
	Provided in year	-	32,196	32,196
	As at 31 August 2014	<u>-</u>	<u>2,366,281</u>	<u>2,366,281</u>
	Net book value			
	As at 31 August 2014	<u>3,700,000</u>	<u>287,736</u>	<u>3,987,736</u>
	As at 31 August 2013	<u>4,080,000</u>	<u>301,793</u>	<u>4,381,793</u>

Freehold properties are used to secure bank loans of £310,000 and parent company bond holders of £442,120.

Cost or valuation at 31 August 2014 is represented by:

	Freehold land & buildings £	Equipment, furniture & fittings £	Total £
Valuation in 2014	3,700,000	-	3,700,000
Cost	-	2,654,017	2,654,017
	<u>3,700,000</u>	<u>2,654,017</u>	<u>6,354,017</u>

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	2014 £	2013 £
Cost	<u>5,286,115</u>	<u>5,723,980</u>
Aggregate depreciation	<u>1,670,759</u>	<u>1,659,220</u>

Scarborough College properties were valued by S Fairbank FRICS, a trustee, on a market value basis at £3,700,000 as at 1 September 2014.

The net book value of tangible fixed assets includes £19,529 (2013 - £24,855) in respect of assets held under hire purchase contracts.

8	Fixed asset investments	Subsidiary undertaking (at cost) £	Listed investments (at valuation) £	Total £	2013 £
	Cost or valuation	<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:

	2014 £	2013 £
Turnover	100,435	102,025
Cost of sales	(82,135)	(92,954)
Administrative expenses	(13,015)	(8,495)
Operating profit	<u>5,285</u>	<u>576</u>
Interest payable	-	-
Gift aid donation - Scarborough College Limited	<u>5,285</u>	<u>576</u>
(Loss)/profit on ordinary activities before taxation	<u>-</u>	<u>-</u>
Taxation	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation	<u>-</u>	<u>-</u>
Balance brought forward	<u>326</u>	<u>326</u>
Balance carried forward	<u>326</u>	<u>326</u>
Assets	57,955	102,389
Liabilities	(57,627)	(102,061)
Shareholders' funds	<u>328</u>	<u>328</u>

Notes to the accounts

for the year ended 31 August 2014

9	Debtors	2014 £	2013 £
	Amounts due within one year		
	Fee debtors	2,713,443	2,258,920
	Amounts owed by subsidiary company	62,824	100,010
	Other debtors	31,239	17,453
	Prepayments and accrued income	98,392	48,926
		<u>2,905,898</u>	<u>2,425,309</u>

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

Fee debtors include £36,504 (2013 - £28,502) falling due after more than one year.

10	Creditors: amounts falling due within one year	2014 £	2013 £
	Bank loan (see note 11)	49,500	179,180
	Trade creditors	194,114	137,516
	Amounts owed to parent company	185,087	165,728
	Amounts owed to subsidiary company	49,595	89,790
	Finance leases	5,630	5,630
	Other creditors	272,117	250,418
	Accruals	58,772	27,655
	Deferred income	3,563,628	3,317,536
		<u>4,378,443</u>	<u>4,173,453</u>

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

11	Creditors: amounts falling due after more than one year	2014 £	2013 £
	Bank loans		
	- instalments due within one to two years	66,000	142,153
	- instalments due within two to five years	194,500	125,000
		260,500	267,153
	Finance leases		
	- instalments due within one to two years	5,630	5,630
	- instalments due within two to five years	10,092	15,604
	- instalments due after five years	2,162	2,280
		17,884	23,514
		<u>278,384</u>	<u>290,667</u>

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

Bank borrowings and finance leases bear interest at normal commercial rates and are repayable by instalments to mature between 2018 and 2037

12	Called up share capital	2014 £	2013 £
	Allotted, called up and fully paid		
	5,507 ordinary shares of £1 each	<u>5,507</u>	<u>5,507</u>

13	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	17,617	140,347	-	157,964
	Unrestricted funds	3,954,994	(1,301,223)	(278,384)	2,375,387
	Revaluation reserve	15,240	-	-	15,240
		<u>3,987,851</u>	<u>(1,155,267)</u>	<u>(278,384)</u>	<u>2,554,200</u>

Notes to the accounts

for the year ended 31 August 2014

14 Funds		At 1 September 2013 £	Movement in resources		Funds transfer £	At 31 August 2014 £
			Incoming £	Outgoing £		
14.01	Endowment fund					
	Prize-giving fund	102	-	-	-	102
14.02	Restricted funds					
	Capital grants	18,217	-	-	(600)	17,617
	Centenary appeal fund	509	-	-	-	509
	Peggy Bailey legacy	139,765	-	-	-	139,765
	Early Years funding	423	86,639	(86,989)	-	73
		<u>158,914</u>	<u>86,639</u>	<u>(86,989)</u>	<u>(600)</u>	<u>157,964</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.

14.03	Unrestricted funds	At 31 August 2013 £	Movement in resources		Funds transfer £	At 31 August 2014 £
			Incoming £	Outgoing £		
	General fund					
	At 31 August	<u>2,527,269</u>	<u>3,637,044</u>	<u>(3,789,526)</u>	<u>600</u>	<u>2,375,387</u>
14.04	Revaluation reserve					
	At 31 August	<u>15,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,240</u>
15	Operating leases			2014 £		2013 £
	The College is committed to operating lease rentals payable next year under leases which expire:- 2-5 years			<u>48,664</u>		<u>25,266</u>
16	Commitments			2014 £		2013 £
	Capital commitments contracted for but not provided in the accounts			<u>-</u>		<u>-</u>

17 Related party transactions

Included in these accounts are the following related party transactions and balances with Scarborough College 2000 Limited:

	2014 £	2013 £
Donation receivable	(5,285)	(576)
Services - other costs	100,435	102,025
Administration - management charge receivable	(12,000)	(8,000)
Debtors due within one year	62,824	100,010
Creditors due within one year	<u>(49,595)</u>	<u>(89,790)</u>

Included in these accounts are the following related party transactions and balances with College Holdings 2012 Limited :

	2014 £	2013 £
Creditors due within one year	<u>185,087</u>	<u>165,728</u>

During the year the company disposed of a property to Broadland Properties Limited for £380,000 and subsequently leased back, all on an arms length basis. Mr R Guthrie (a director of Scarborough College Limited), is a director of Broadland Properties Limited.

18 Controlling party

The company is a wholly owned subsidiary of College Holdings 2012 Limited.

The parent undertaking of the smallest group for which consolidated accounts are prepared is College Holdings 2012 Limited, a company incorporated in England, which the directors consider to be the company's ultimate parent and controlling party.

Notes to the accounts

for the year ended 31 August 2014

20 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	14.1%	6.4% - 12.4%	20.5% - 26.5%
Independent Schools' Pension Scheme	16.5%	8.0%	24.5%
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 £29,258 (2013 - £30,546).

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

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

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 2011
Actuarial method	Projected unit
Investment returns per annum pre retirement	4.9% per annum
Investment returns per annum post retirement	4.2% per annum
	- pensioner
	- non pensioner
Inflation rate	4.2% per annum
Salary scale increases per annum	2.4% per annum
Rate of pension increases	3.0% per annum for 2 years then 4.4% per annum
	1.9% - 2.4% per annum
Market value of assets at date of last valuation	£780 million

The scheme actuary has prepared a funding position update as at 30 September 2013 it revealed a shortfall of assets compared with the value of liabilities of £155 million (equivalent to a past service funding level of 84%). In view of the past service shortfall it was decided that participating employers would pay the deficit contributions of £3.47 million per annum from 1 September 2013 to 31 August 2016. From 1 September 2016 to 31 August 2026, deficit contributions of £3.34 million per annum will be required. From 1 September 2013 members would pay a joint contribution rate of 19.5% of pensionable salaries, to include an additional deficit contribution of 3.2%. If valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an ongoing funding basis, by 31 August 2026.