



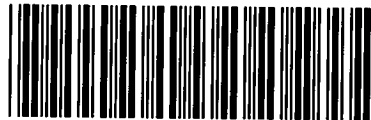
Scott-Moncrieff
business advisers and accountants

ST LEONARDS SCHOOL
(a charitable company limited by guarantee)

Annual Report and Financial Statements
for the year ended 31 July 2015

Company Number: SC016693
Charity Number: SC010904

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ST LEONARDS SCHOOL
(a charitable company limited by guarantee)
Financial statements for the year ended 31 July 2015

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ST LEONARDS SCHOOL

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Financial statements for the year ended 31 July 2015

Report of the Council

Legal and administrative details

Company number SC016693

Charity number SC010904

Council Members

Council members are the charity trustees of St Leonards School ("the School"). They are also directors of the School for the purposes of Company Law. They have all served in office throughout the period except where indicated. Together with past Council Members who served in the period as indicated, they are:

Mr James Murray MA, LLB, DL

Mr Ian Adam CA

Mr Hamish Alldridge MA, Dip Ed, Cert Ed (until 16/03/15)

Lord Balniel BA

Mrs Victoria Collison-Owen MA

Mr Alan Constable BSc (until 22/06/15)

Mr Neil Donaldson MSc (appointed 16/03/15)

Col Martin Passmore MA, GCGI, FRSA

Mr David Pattullo MA

Mrs Heidi Purvis BA, PGCE (appointed 16/03/15)

Mrs Rosaleen Rentoul BSc (Hons), Dip Ed, PGCE

Mr Sandy Richardson MA, MBA, FRRSA (appointed 16/03/15)

Prof Louise Richardson BA, MA, MA, MA, PhD (until 31/07/15)

Mr Graeme Simmers CBE, CA

Mrs Clare Wade

The Council is a self-appointing body. One third of Council members will retire each year and shall be eligible for re-election.

Key Executives

Headmaster - St Leonards School
Headmaster - St Leonards Junior School
Bursar, (Company Secretary)

Dr Michael J H Carslaw BSc, MBA, PhD
Mr Andrew Donald BSc (retired 31/08/15)
Mr Gerard F Brown BSc, Dip H-WU, FCMI

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Advisers

Registered Office

St Leonards School
St Andrews
Fife
KY16 9QJ

Website

www.stleonards-fife.org

Bankers

Bank of Scotland
Commercial Banking
PO Box No. 26720
Mitchelston
Kirkcaldy
KY1 3YD

Solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Investment Advisers

Adam & Company
25 St Andrew Square
Edinburgh
EH2 1AF

Insurance Brokers

Marsh Ltd
Rockwood House
9-17 Perry Mount Road
Haywards Heath
West Sussex
RH16 3DU

Pension Advisers

Scottish Pensions Trustees Ltd
Citibase
One St Colme Street
Edinburgh
EH3 6AA

ST LEONARDS SCHOOL

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

The Council of St Leonards School present their annual report for the School year ended 31 July 2015 under the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) together with the audited accounts for the period to 31 July 2015, and confirm that the latter comply with the requirements of the Acts, the Memorandum and Articles of Association and the Charities SORP 2005.

The financial statements consolidate those of the company and its subsidiary undertaking, St Leonards Enterprises Limited.

St Leonards Enterprises Limited is a non-charitable trading company, limited by guarantee and not having a share capital. It is considered a subsidiary on the basis that St Leonards School has the authority to appoint its directors.

Reference and administrative information

The Charity was founded in 1877, and is included in the Scottish Charity Register under charity number SC010904. The members of the St Leonards School Council, honorary office bearers and key executives are as listed on page 1. Principal addresses of the charity and particulars of the Charity's professional advisers are given on page 2.

Structure, governance and management

Governing Document

The Charity is governed by its Memorandum and Articles of Association dating from 1877 and last amended in 2002.

Governing Bodies

The governing body is the St Leonards School Council, the details of which are explained below, together with information on how the members of the governing body are appointed to office.

Recruitment and Training of Council Members

The Charity's Council is appointed at a Meeting of the St Leonards School Council on the basis of nominations received from members and independent sources to the Board's specifications concerning eligibility, personal competence, specialist skills and local availability. New Council Members are inducted into the workings of the Charity including Board Policy and Procedures, by the Chairman of Council, Headmaster and Bursar. Additionally, Council Members are encouraged to attend relevant training courses.

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Report of the Council (continued)

Structure, governance and management (continued)

Organisational Management

St Leonards School Council Members, as the trustees of the Charity, are legally responsible for the overall management and control of the School and meet at least three times a year. The routine work of implementing most of their policies is carried out by the members of the Finance and General Purposes Committee (F&GP). The F&GP works under the chairmanship of the Chairman of the Council, the Property and Fabric Committee under the chairmanship of Mrs V Collison-Owen, the Marketing Committee under the chairmanship of Mrs C Wade and the Audit Committee under the chairmanship of Mr G Simmers. The Junior School Advisory Sub-Committee is chaired by Mr A Constable. Subject to agreed policy guidelines the day to day running of the school is delegated to the Headmaster supported by the Bursar and the Senior Management Team. The Headmaster and the Bursar attend meetings of St Leonards Council.

Group Structure and Relationships

The Charity has a wholly owned non-charitable subsidiary, St Leonards Enterprises Limited, whose activities are carried out to raise additional income for the benefit of school operations.

St Leonards School actively supports the attainment of the highest standards, partly through staying at the forefront of educational developments and partly through internal evaluation of quality and performance improvement methods. The School also co-operates with many local charities and stakeholders in its ongoing endeavours to widen public access to the schooling it can provide, to optimise the use of its cultural and sporting facilities and to awaken in its pupils an awareness of the social context of the all-round education they receive at St Leonards. The School also benefits from the generosity of the St Leonards Seniors community whose close support is greatly appreciated and gladly acknowledged.

Risk Management

St Leonards School Council is responsible for the management of the risks faced by the Charity. Certain aspects of risk are delegated to the Audit Committee. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis.

The key controls used by the charity include:

- formal agendas for all Committee and Board activity;
- strategic planning, budgeting and management accounting;
- formal written policies;
- clear authorisation and approval levels;
- vetting procedures as required by law for the protection of the vulnerable.

ST LEONARDS SCHOOL

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Structure, governance and management (continued)

Risk Management (continued)

Through the risk management processes established for the School, St Leonards Council is satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Financial risk management objectives and policies

The School's operations expose it to a variety of financial risks that include the effects of changes in credit risk and interest rate risk. The School does not use derivative financial instruments to manage interest rate or foreign exchange costs and, as such, no hedge accounting is applied.

- (a) Credit Risk: The School's income is mainly tuition fees which are viewed as being a low credit risk. The amount of exposure is reassessed regularly by the Board.
- (b) Liquidity Risk: The School maintains short-term cash and where necessary bank facilities to ensure that it has sufficient funds for its operations.
- (c) Interest Rate Cash Flow Risk: The School has cash assets and these are subject to interest at variable rates. The trustees will revisit the appropriateness of this policy should the School's operations change in size or nature.

Objects, aims, objectives and activities

Charitable Objects

The School's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education for the public benefit, including the provision of boarding and/or day schooling for children of both sexes.

Aims and Intended Impact

Within these Objects, the School's aim is to educate all pupils to learn effectively, communicate articulately, respect others and participate with purpose.

Objectives for the Year

The objectives for the year are defined by the strategic plan which has the intention of confirming St Leonards as a leading school of its kind. Labelled '2027' (a shorthand relating to the 150th anniversary of the foundation of St Leonards), the plan is reviewed annually and the objectives for the year set out. These are broadly consistent with the last year and include:

- High academic performance;
- Continuing to focus on the cohesion, consistency and excellence of the ethos; curriculum and co-curriculum throughout the school from Year 1 to IB2;
- Effective and efficient use of buildings and the school estate;
- Sector leading ICT provision;
- Means-tested access;
- Significant sporting, musical and cultural achievements.

These are the objectives for the year.

ST LEONARDS SCHOOL

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Objects, aims, objectives and activities (continued)

Strategies to achieve the year's objectives

High academic performance

The School continues to achieve high academic standards. The average IB Diploma score for 2015 of 33 points continues to be well ahead of the world average. 88% of all Higher Level grades were 7, 6 or 5, equivalent to A*, A or B grades at A level. The Sixth Form was identified by the Sunday Times as having the best performing Sixth Form in Scotland for IB/A level – a highly gratifying accolade and an indication of the standards achieved. The intention is to build on this success. With the transformation of the curriculum in the Junior School and Years 8 and 9 in the Senior School outlined below, there is expected to be a continued improvement in both GCSE and IBDP results.

Cohesion, consistency and excellence of the ethos, curriculum and co-curriculum throughout the school from Year 1 to IB2

A key strategic intention is to bring the greatest possible cohesion and consistency in the ethos, curriculum and co-curriculum of the Senior and Junior sections of the school. With this in mind, the Junior School is a candidate school for accreditation for the IB Primary Years Programme (PYP), with the receiving of full accreditation in 2017. Intensive staff training and professional development has led a consistency in approach to teaching and learning at the most modern and effective standards. The forward looking, innovative curriculum combined with excellent pastoral care and co-curricular opportunities is resulting in the highest standards of learning, academic achievement and excellence for all. Boys and girls are being prepared for the highest levels of achievement in the Senior School at GCSE and in the Sixth Form and beyond, fitting appropriately with the school's motto 'Ad Vitam'.

A similar transformation is now taking place in Years 7, 8 and 9 with the introduction of a new middle years curriculum, the Middle Years Programme (MYP), and in Years 10 and 11 with the introduction of the updated GCSE curriculum. St Leonards has been accredited to deliver the IB Diploma Programme (IBDP) in the Sixth Form since 2006 and the School is undertaking its second five year review. St Leonards can be rightly viewed as one of the leading IB schools in the UK with an innovative and forward-thinking approach to teaching and learning.

In 2016, to increase further the appeal of the Sixth Form, several new IBDP subjects are being introduced. These are Psychology; Business Management; Computer Science; Information Technology in a Global Society; Sports, Exercise and Health Science.

The ethos of the school is affirmed not just by the motto 'Ad Vitam' but also by means of the St Leonards learner profile, an aspirational set of values achievable by all pupils. The co-curriculum programme is extensive and is underpinned by the principle of CAS (creativity, activity and service) for all.

Effective and efficient use of buildings and the school estate

The objective of making effective and efficient use of the buildings and school estate remains a priority. With this in mind, Bishopshall boarding house is undertaking total refurbishment and redevelopment and will be closed over the course of the 2015/16 academic year. Bishopshall will reopen with increased capacity for the start of the 2016/17 academic year. In the intervening period, boarders have been moved to Ayton House in Abbey Walk, where they are based in one floor of a brand new building with state-of-the-art facilities. The School is working closely with leading architects, interior designers and the Care Inspectorate to ensure that the new Bishopshall provides the highest standards of boarding experience. The facilities in the other boarding houses continue to be modernised in parallel.

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Objects, aims, objectives and activities (continued)

Strategies to achieve the year's objectives (continued)

The next major project is intended to be the building of a new Sports Hall. Refurbishment and upgrading of other facilities is ongoing and with significant investment.

Sector leading ICT provision

The rebuilding of the school network and provision of wifi throughout the campus has been completed. In conjunction with the development of the curriculum, a parallel transformation in the use of ICT in the classroom and throughout the school is continuing, in combination with closer links with the IT facilities of the University of St Andrews.

Means Tested Access

It is intended to continue providing further public benefit by the provision of means-tested remissions and the continuation of a variety of activities for which no charge is made.

Significant sporting, musical and cultural achievements

Continued success in sporting, musical and cultural fields is expected through the year. St Leonards has a strong reputation for sport and is also the founding school of a world sport, women's lacrosse, first played at St Leonards 125 years ago. Boys' and girls' hockey and tennis continues to be strong, supported by expert coaching staff and boys' rugby and football continues to make great strides. There are ambitious plans for the development of golf, the second world sport whose home is St Andrews. We continue to talk full advantage of our location and connections with the University and the Links Trust.

Music is a pivotal aspect of life at St Leonards. The programme of weekly concerts is widely appreciated and, coupled with the Drama department, a breathtaking production of 'Living with Macbeth' greatly impressed packed audiences. Well attended concerts, plays, the carol services and Prizegiving also provide opportunities for the highest levels of performance. This will continue. High standards of performance in sport, music, art and drama fits well with the ethos of the school.

Progress in each area is monitored by Council.

Principal activities of the year

The School principally provides education to boys and girls from the ages of 4 1/2 – 18. The School has two sections, St Leonards Junior School and the Senior School. This year, the Senior School average roll was 352 (previous: average 379) pupils of whom 119 (previous average: 121) were boarders, and the Junior School averaged 165 (previous average: 170) pupils all of whom were day pupils. The whole School roll at the start of the academic year was 520 pupils (previous year: 552).

Grant-making policy

The School aims to reach the appropriate balance between responding to need, continuing to recognise and honour merit while ensuring the prudent financial management of St Leonards School. Our considerate system of provision reinforces St Leonards ability to attract the best, so that we have in the School a strong body of scholars to provide intellectual and cultural leadership and increased accessibility to all members of the public. The policy is straightforward. St Leonards seeks to provide opportunities to any pupil who would benefit from a St Leonards Education. This support is subject to parents providing information to enable means tested assessment.

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Objects, aims, objectives and activities (continued)

Strategies to achieve the year's objectives (continued)

During the reporting period, financial assistance of £645,456 (2014: £494,134) was provided by the School to help parents meet the cost of fees. Included were 16 fully funded awards of 100% representing 3.1% of the average school roll for the year. The School continues to build up its restricted Scholarship and Bursary Fund and in due course interest from this fund will help fund financial assistance to parents.

Volunteers

The School continues to benefit from the help of a number of volunteers who assist the school in a variety of areas. These range widely, for example, helping with Duke of Edinburgh training, hosting international pupils as part of the School's exchange programme, assisting with sporting and other activities. The Council would like to take this opportunity to show appreciation for the continuing and valuable support provided by volunteers. Additionally, the Council would like to thank the Parents' Association for their support.

Strategic Report

Review of achievements and performance for the year

Operational performance of the school

Academic performance is a core indicator, with particularly excellent IB results for 2015, St Leonards being the top performing IB/A level school in Scotland as identified by the Sunday Times. Nearly all leavers go on to the universities of their choice with the great majority (70%+) gaining entry to their first choice. Approximately 50% leavers move on to Scottish Universities, 30% to English Universities and 20% to universities all over the world, including Europe, North America and Asia. Two are going to Ivy league universities in the USA, one to Harvard and one to Brown, an indication of the global opportunities open to St Leonards students. GCSE results were of a pleasing standard with 43% of all grades being A* or A.

Sport continues to be a major feature of life at St Leonards. The School has district and international representation in the following sports: boys' hockey; girls' hockey; girls' lacrosse; girls' rugby; cross-country running; boys' triathlon. Interest in the Duke of Edinburgh award scheme continues to be strong. The School celebrated the 125th anniversary of the first ever game of lacrosse in the UK on St Leonards Grass by playing a celebratory match on the same location. St Andrews is proud to be the home of not just one world sport, golf, but two.

Creative areas of the School continue to flourish with a music concert of some kind taking place nearly every week. More than 250 music lessons take place each week. Drama productions continue to attract acclaim with two major productions per year including performances on the historic ship, HMS Unicorn, in Dundee. The Senior School also was delighted to return to the newly reopened Byre Theatre, now under the management of the University of St Andrews.

ST LEONARDS SCHOOL

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Financial review and results for the year

Unrestricted Funds

An operating deficit of £196,373 (2014 - £6,741,339 surplus) has been recorded for the financial year ended 31 July 2015. Demand for day places has weakened in the past year and this has directly contributed to the financial deficit. There has also been significant reinvestment in facilities and ICT infrastructure.

School fees represent the principal funding source. The average 2.3% increase in fees for the year 2014-15 is well below the national fee increase for 2014-15 (4.0%)*. In the 2014-15 school year, the fees charged were:

Years 1- 5 annual day fee £8,787; Years 6-7 annual day fee £9,849; Years 8 – IB2 annual day fee £11,997; Year 8 – IB2 annual boarding fee £29,259.

The Council, while recognising that annual surpluses are important for funding capital projects and means-tested bursaries, is also aware of the significant financial sacrifice that many of our parents are making in order to ensure their children continue to enjoy a high quality independent education. In the current economic climate the Council remains committed to both widening access to education and to maintaining fees at affordable levels.

Now that the financial constraints of recent years are beginning to ease there is an on-going need to continue to undertake essential repairs to our listed buildings and to upgrade our educational facilities including IT. The main cost of supporting the charity's objectives remains expenditure on wages and salaries. The Council remains financially committed to an ongoing programme of facility refurbishment and improvement.

*(Baines Cutler Solutions in association with Crowe Clark Whitehill 2015 National Independent Schools' Benchmarking survey).

Restricted Funds

Income generated from Restricted Funds contributes to the school's Development Programme. There are two main fundraising objectives: to widen access to independent education by providing means-tested bursaries; to generate additional funding for capital projects. Movements in the valuation of the St Leonards School Retirement Scheme are also reflected within the Restricted Funds. A financial deficit of £64,498 has been recorded (2014 - £30,840 surplus). In addition, a deficit of £36,000 (2014: £31,000 deficit) has been incurred in the restricted pension scheme funding reserve. A decision was taken by the Council at its December 2014 meeting to wind up this scheme and this process was initiated on 27th April 2015. As a consequence this reserve is no longer required and has a nil value.

The school wishes to express its thanks to the trustees of The New Park Educational Trust for their continuing generous financial support particularly in connection with the recently refurbished Swimming Pool.

Balance Sheet and Funds Flow

Net current assets have reduced to £2,441,161 (2014: £7,259,237), partly owing to the purchase of investments at Adam and Company. There has been a £1,833,470 net outflow (2014: net inflow £5,064,286) of funds for the financial year. The cash inflow from operations was £669,595 (2014: £1,210,140). Fixed assets to the value of £847,212 (2014: £289,529) were added during the year.

At this time the school has not utilised any of its borrowing capabilities and has no bank debt.

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Reserves Policy

The Council's objective is to generate sufficient cash for reinvestment in the School facilities with no reliance on bank financing. Its policy is, therefore, to build up reserves to the required level by means of annual operating surpluses supplemented by general-purpose appeals from time to time.

Investment Policy

During the year a new investment portfolio was opened up with Adam & Company. Our professional Fund Managers are regulated by the Financial Conduct Authority. They manage and advise on the investment portfolio and carry out regular performance reviews. The composition of the portfolio is reviewed on a regular basis. The portfolio is invested to achieve a balanced return from income and capital growth. Investments are held across a range of asset classes, with the majority being in the equity market, supplemented by fixed interest investments. The risk profile is medium.

The value of the portfolios stood at £4,150,567 as at 31st July 2015. Included within this value is a portfolio of £173,680 held for the Scholarship and Bursary Fund. Income growth for the period from 2nd December 2014 until the end of the financial year was £33,262 and there was an unrealised gain of £76,766 over the same period.

Future Plans

The Council carried out a comprehensive review of the existing School Estate following the April 2014 annual strategy day. The outcomes fall into three main categories namely short term projects of up to 12 months, medium term projects and the ten-year rolling programme.

In March 2015 Council gave the go ahead for a major refurbishment of the Bishopshall Boarding House. This will increase the existing capacity from 53 to 72 beds. Temporary accommodation has been procured at nearby Ayton House where our students will be relocated for the 2015-16 academic year. The target completion date is July 2016. Further improvements will be made to the remaining two Boarding Houses as part of the ten-year rolling programme.

Amongst the key capital projects being considered in the longer term is a major investment in a new Sports Facility. This will include provision of a new Sports Hall together with ancillary accommodation. The preferred site is immediately adjacent to the existing swimming pool which underwent a major refurbishment in the summer of 2014. The architect's design complements the Junior School extension of 2012. A key factor in determining the completion date will be the length and complexity of the planning process. It is recognised that funding is a vital consideration and we will be looking to launch a capital appeal for the new Sports Facility in due course.

The school has also continued to invest heavily in its ICT provision. This will transform the learning environment at every level of the school.

ST LEONARDS SCHOOL

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Financial statements for the year ended 31 July 2015

Report of the Council (continued)

Accounting and reporting responsibilities

The members of St Leonards School Council (who are also trustees of St Leonards School for the purposes of charity law) are responsible for preparing the Annual Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the members of the St Leonards School Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and parent charitable company and of the incoming resources and application of resources, including the income and expenditure of the group and parent charitable company for that period. In preparing these financial statements St Leonards School Council is required to:

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

The members of St Leonards School Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of group and parent charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of group and hence for taking steps for the prevention and detection of fraud and other irregularities.

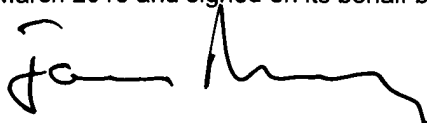
In so far as the Trustees are aware:

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

Auditors

Scott-Moncrieff offer themselves for reappointment as auditors in accordance with Section 485 of the Companies Act 2006.

In approving the Report of the Council, the members of the Council are also approving their Strategic report in their capacity as company directors. Approved by the Council of St Leonards School on 21 March 2016 and signed on its behalf by:



James Murray
Chairman

ST LEONARDS SCHOOL

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Independent auditor's report to the members and trustees of St Leonards School

We have audited the financial statements of St Leonard's School for the year ended 31 July 2015 which comprise the group and parent company statements of financial activities, the group and parent charity balance sheets, the group 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 and trustees, as a body, in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Accounting and Reporting Responsibilities Statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2015 and of the group's and the parent's incoming resources and application of resources, including the group's and the parent's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

ST LEONARDS SCHOOL

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Independent auditor's report to the members and trustees of St Leonards School (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Scott-Moncrieff

Gillian Donald, Senior Statutory Auditor

For and on behalf of Scott-Moncrieff, Statutory Auditor

Chartered Accountants

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date: 21 March 2016

ST LEONARDS SCHOOL
(a charitable company limited by guarantee)
Group Statement of Financial Activities
(including Income and Expenditure account)

| | Note | Un- restricted funds £ | Restricted pension scheme funding reserve £ | Restricted funds £ | 2015 Total £ | 2014 Total £ |
|--|------|---------------------------------|--|--------------------------|--------------------|--------------------|
| Incoming resources | | | | | | |
| Incoming resources from charitable activities: | | | | | | |
| Fee income | 2 | 8,130,055 | - | - | 8,130,055 | 8,352,298 |
| Incoming resources from generated funds: | | | | | | |
| Activities for generating funds - | | | | | | |
| Commercial trading operations | 4 | 112,297 | - | - | 112,297 | 24,697 |
| Voluntary income - donations | 5 | 88,773 | - | 31,972 | 120,745 | 99,113 |
| Investment income | | 52,535 | - | 3,600 | 56,135 | 5,573 |
| | | 253,605 | - | 35,572 | 289,177 | 129,383 |
| Other incoming resources: | | | | | | |
| Miscellaneous income | | 6,069 | - | - | 6,069 | 108,282 |
| Exceptional Item – Gain on sale of assets | 6 | - | - | - | - | 6,368,743 |
| Total incoming resources | | 8,389,729 | - | 35,572 | 8,425,301 | 14,958,706 |
| Resources expended | | | | | | |
| Charitable activities: | | | | | | |
| Fee related costs | | (8,528,566) | - | (100,070) | (8,628,636) | (8,137,985) |
| Governance costs | | (28,951) | - | - | (28,951) | (28,608) |
| | 7 | (8,557,517) | - | (100,070) | (8,657,587) | (8,166,593) |
| Costs of generating funds: | | | | | | |
| Commercial trading operations | 4 | (28,585) | - | - | (28,585) | (12,158) |
| Total resources expended | | (8,586,102) | - | (100,070) | (8,686,172) | (8,178,751) |
| Net income for the year | | (196,373) | - | (64,498) | (260,871) | 6,779,955 |
| Transfers between funds | | - | - | - | - | - |
| Net incoming resources before other recognised gains/(losses) | | (196,373) | - | (64,498) | (260,871) | 6,779,955 |
| Other recognised gains/(losses): | | | | | | |
| Gain loss on investments | 10 | 71,408 | - | 5,358 | 76,766 | 1,224 |
| Pension scheme actuarial loss | 19 | - | (36,000) | - | (36,000) | (40,000) |
| Net movement in funds | | (124,965) | (36,000) | (59,140) | (220,105) | 6,741,179 |
| Funds brought forward | | 9,137,816 | 36,000 | 2,814,686 | 11,988,502 | 5,247,323 |
| Funds carried forward | 14 | 9,012,851 | - | 2,755,546 | 11,768,397 | 11,988,502 |

There are no other recognised gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Parent Charity Statement of Financial Activities (including Income and Expenditure account)

| | Note | Un-restricted funds £ | Restricted pension scheme funding reserve £ | Restricted funds £ | 2015 Total £ | 2014 Total £ |
|--|------|--------------------------|--|-----------------------|-------------------|-------------------|
| Incoming resources | | | | | | |
| Incoming resources from charitable activities: | | | | | | |
| Fee income | 2 | 8,130,055 | - | - | 8,130,055 | 8,352,298 |
| Incoming resources from generated funds: | | | | | | |
| Activities for generating funds - Commercial trading operations | 4 | 64,830 | - | - | 64,830 | 24,638 |
| Voluntary income - donations | 5 | 88,773 | - | 31,972 | 120,745 | 99,113 |
| Investment income | | 52,535 | - | 3,600 | 56,135 | 5,573 |
| | | 206,138 | - | 35,572 | 241,710 | 129,324 |
| Other incoming resources: | | | | | | |
| Miscellaneous income | | 6,069 | - | - | 6,069 | 108,282 |
| Exceptional Item – Gain on sale of assets | 6 | - | - | - | - | 6,369,743 |
| Total incoming resources | | 8,342,262 | - | 35,572 | 8,377,834 | 14,958,647 |
| Resources expended | | | | | | |
| Charitable activities: | | | | | | |
| Fee related costs | | (8,528,566) | - | (100,070) | (8,628,636) | (8,137,958) |
| Governance costs | | (28,951) | - | - | (28,951) | (28,608) |
| | 7 | (8,557,517) | - | (100,070) | (8,657,587) | (8,166,593) |
| Net income for the year | | (215,255) | - | (64,498) | (279,753) | 6,792,054 |
| Transfers between funds | | - | - | - | - | - |
| Net incoming resources before other recognised gains/(losses) | | (215,255) | - | (64,498) | (279,753) | 6,792,054 |
| Other recognised gains/(losses): | | | | | | |
| Gain loss on investments | 10 | 71,408 | - | 5,358 | 76,766 | 1,224 |
| Pension scheme actuarial loss | 19 | - | (36,000) | - | (36,000) | (40,000) |
| Net movement in funds | | (143,847) | (36,000) | (59,140) | (238,987) | 6,753,278 |
| Funds brought forward | | 9,124,315 | 36,000 | 2,814,686 | 11,975,001 | 5,221,723 |
| Funds carried forward | 14 | 8,980,468 | - | 2,755,546 | 11,736,014 | 11,975,001 |

There are no other recognised gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

ST LEONARDS SCHOOL
(a charitable company limited by guarantee)

**Group Balance Sheet
at 31 July 2015**

| | Note | 2015 £ | 2014 £ |
|--|------|--------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 6,249,396 | 5,792,661 |
| Investments | 10 | 4,279,942 | 79,400 |
| | | <u>10,529,338</u> | <u>5,872,061</u> |
| Current assets | | | |
| Stock | | 27,049 | 31,045 |
| Debtors | 11 | 248,067 | 2,541,451 |
| Bank and cash | | 4,048,447 | 6,008,049 |
| | | <u>4,323,563</u> | <u>8,580,545</u> |
| Creditors: amounts falling due within one year | 12 | <u>(1,882,402)</u> | <u>(1,321,308)</u> |
| Net current assets / (liabilities) | | 2,441,161 | 7,259,237 |
| Creditors: amounts falling due in more than one year | 13 | <u>(1,202,102)</u> | <u>(1,178,796)</u> |
| Pension scheme asset | 19 | 1,239,059 - | 6,080,441 36,000 |
| Net assets including pension scheme asset | | <u>1,239,059</u> | <u>6,116,441</u> |
| Total assets less liabilities | | <u>11,768,397</u> | <u>11,988,502</u> |
| Funds | | | |
| Unrestricted funds | | 9,012,851 | 9,137,816 |
| Restricted funds | | 2,755,546 | 2,814,686 |
| Total funds before pension scheme funding reserve | | <u>11,768,397</u> | <u>11,952,502</u> |
| Restricted pension scheme funding reserve | | - | 36,000 |
| Total funds including surplus on pension scheme reserve | 15 | <u>11,768,397</u> | <u>11,988,502</u> |

The financial statements were approved and authorised for issue by the Council on 21 March 2016.

James Murray
Chairman

Company No. SC016693

The notes on pages 19 to 35 form part of these financial statements.

ST LEONARDS SCHOOL
(a charitable company limited by guarantee)

Parent Charity Balance Sheet
at 31 July 2015

| | Note | 2015 £ | 2014 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 6,248,912 | 5,792,044 |
| Investments | 10 | 4,279,942 | 79,400 |
| | | <u>10,528,854</u> | <u>5,871,444</u> |
| Current assets | | | |
| Stock | | 27,049 | 31,045 |
| Debtors | 11 | 212,776 | 2,541,008 |
| Bank and cash | | 4,028,359 | 5,991,928 |
| | | <u>4,268,184</u> | <u>8,563,981</u> |
| Creditors: amounts falling due within one year | 12 | <u>(1,858,922)</u> | <u>(1,317,628)</u> |
| Net current assets | | 2,409,262 | 7,246,353 |
| Creditors: amounts falling due in more than one year | 13 | <u>(1,202,102)</u> | <u>(1,178,796)</u> |
| | | 1,207,160 | 6,067,557 |
| Pension scheme asset | 19 | - | 36,000 |
| Net assets including pension scheme asset | | <u>1,207,160</u> | <u>6,103,557</u> |
| Total assets less liabilities | | <u>11,736,014</u> | <u>11,975,001</u> |
| Funds | | | |
| Unrestricted funds | | 8,980,468 | 9,124,315 |
| Restricted funds | | 2,755,546 | 2,814,686 |
| Total funds before pension scheme funding reserve | | 11,736,014 | 11,939,001 |
| Restricted pension scheme funding reserve | | - | 36,000 |
| Total funds including surplus on pension scheme reserve | 15 | <u>11,736,014</u> | <u>11,975,001</u> |

The financial statements were approved and authorised for issue by the Council on 21 March 2016.

James Murray
Chairman

Company No. SC016693

The notes on pages 19 to 35 form part of these financial statements.

ST LEONARDS SCHOOL
(a charitable company limited by guarantee)
Group Cash Flow Statement

| | | 2015 | 2014 |
|--|------|--------------------|------------------|
| | Note | £ | £ |
| Net cash inflow from operating activities | 16 | 669,595 | 1,210,140 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 3,600 | 5,573 |
| Net cash outflow from servicing of finance | | <u>3,600</u> | <u>5,573</u> |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | | (847,212) | (289,529) |
| Proceeds from sale of land | | 2,314,191 | 4,054,552 |
| Donations received in respect of purchase of tangible fixed assets | | 24,000 | 83,550 |
| Acquisition of investments | | (4,095,738) | - |
| Receipts from sale of investments | | 98,094 | - |
| Net cash outflow from investing activities | | <u>(2,506,665)</u> | <u>3,848,573</u> |
| (Decrease)/increase in cash | 17 | <u>(1,833,470)</u> | <u>5,064,286</u> |

The notes on pages 19 to 35 form part of these financial statements

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Notes to the Financial Statements for the year ended 31 July 2015

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and follow the recommendations of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006. They have been prepared under the historical cost convention except that investments are stated at market value. The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

Going Concern

The Council have reviewed the charity's forecasts and plans, taking into account the current level of pupils and results, and are confident that St Leonards School has sufficient resources to remain in operational existence for the foreseeable future and so have continued to prepare the accounts on the going concern basis.

The members of the Council have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that St Leonards School has adequate resources to continue in operational existence for the foreseeable future. In this judgement the members of Council noted that the market value of the School's land and property is significantly greater than the balance sheet value.

Basis of consolidation

The group financial statements consolidate those of St Leonards School and its subsidiary undertaking, St Leonards Enterprises Limited.

Fee income

Fee income is the total amount receivable in respect of school fees and outlays for the school year.

Fee deposits in relation to those pupils in their final year are disclosed in creditors: amounts falling due within one year, and fee deposits for all other pupils are disclosed in creditors: amounts falling due in more than one year.

Commercial trading operations

Income from commercial trading operations is recognised as earned.

Donations & legacies

Donations and legacies are accounted for in the period that they are receivable.

Investment income

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

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Notes to the Financial Statements (continued) for the year ended 31 July 2015

1. Principal accounting policies (continued)

Resources expended

Expenditure is recognised when a liability is incurred.

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities include expenditure associated with the day to day running of the School and include the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Where support costs relate to several activities, they have been apportioned on a basis consistent with the use of resources.

Fixed assets

Fixed assets are stated at cost less depreciation. Expenditure below £1,000 is not capitalised.

Depreciation is calculated to write down the cost of tangible fixed assets other than land and assets under construction by equal annual instalments over their expected useful lives. The rates generally applicable are:

| | |
|---------------------------|-----------|
| Buildings | 2% |
| Motor vehicles | 25% |
| Equipment and furnishings | 10% - 20% |

Investments

Assets held for investment purposes are carried at market value at the balance sheet date.

Realised gains or losses arising from disposals of investments and unrealised net gains or losses are added to or deducted from the investment portfolio valuations.

Investments in subsidiaries

The investment held in the subsidiary is carried at nil value as the subsidiary is a company limited by guarantee.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leased assets

Operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the operating lease terms. The charity only has operating leases.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Notes to the Financial Statements (continued) for the year ended 31 July 2015

1. Principal accounting policies (continued)

Contributions to pension funds

Defined contribution schemes

The group participates in a defined contribution scheme. The pension costs charged in the period represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined benefit schemes

The group participates in a multi-employer defined benefit scheme but the scheme actuary is unable to identify the group's share of the underlying assets and liabilities. The pension costs charged in the period are the contributions payable to the scheme in respect of the accounting period.

The group also operates a defined benefit pension scheme which was closed to new members from 8 October 2000. The assets of the scheme are held separately from those of the group.

Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet.

The current service cost and costs from settlements and curtailments are charged against surpluses. Past service costs are spread over the period until the benefits vest. Interest on the scheme liabilities and the expected return on the scheme assets are included in other finance costs. Actuarial gains and losses are reported in the consolidated statement of financial activities.

Fund accounting

The charity has various types of funds for which it is responsible and which require separate disclosure.

Restricted funds are those earmarked by the donor or the terms of an appeal for specific purposes within the overall aims of the organisation. The restricted funds are:

- the 1999 Appeal fund which is used to provide upgraded facilities for the sixth form college and certain sporting facilities. The balance is being released at 2% per annum on a straight line basis to mitigate the effect of the depreciation relating to the relevant capital expenditure;
- the Scholarship and Bursary fund is being accumulated for future use in awarding scholarships;
- the Fixed Asset Grant fund is used to hold the donations received to purchase fixed assets for the School. Depreciation is charged against the fund in relation to these assets;
- the Pension fund represents the asset in the St Leonards defined benefit pension scheme.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

**Notes to the Financial Statements (continued)
for the year ended 31 July 2015**

2. Fee Income

| | 2015 | 2014 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Gross Fees | 8,775,511 | 8,846,432 |
| Scholarships, bursaries & remissions | (645,456) | (494,134) |
| Net fee income | <u>8,130,055</u> | <u>8,352,298</u> |

3. Employees

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,360,886 | 4,158,813 |
| Termination payments | 30,000 | 4,000 |
| Social Security costs | 337,273 | 328,361 |
| Pension costs | 507,643 | 453,972 |
| Other pension costs | - | 7,000 |
| | <u>5,235,802</u> | <u>4,952,146</u> |

The full-time equivalent of the average number of employees during the period was:

| | 2015 | 2014 |
|--------------------|---------------|---------------|
| | Number | Number |
| Teaching staff | 74 | 71 |
| Non-teaching staff | 59 | 58 |
| | <u>133</u> | <u>129</u> |

The emoluments of higher-paid employees fell within the following ranges:

| | 2015 | 2014 |
|---|----------------|----------------|
| | Number | Number |
| £60,001 - £70,000 | 2 | - |
| £90,001 - £100,000 | 1 | 1 |
| £120,001 - £130,000 | 1 | - |
| Pension contributions for those employees | <u>£42,865</u> | <u>£17,433</u> |

The Council Members did not receive any remuneration during the year. No Council Member received reimbursement of expenses during the year (2014: nil).

ST LEONARDS SCHOOL
(a charitable company limited by guarantee)
Notes to the Financial Statements (continued)
for the year ended 31 July 2015

4. Net income from non-charitable trading activities of subsidiary

A summary of the results of the trading activities of the subsidiary is set out below:

| | 2015 | 2014 |
|-------------------------------------|----------|----------|
| £ | £ | £ |
| Turnover | 60,139 | 24,697 |
| | <hr/> | <hr/> |
| Cost of sales | (24,002) | (7,871) |
| Administrative expenses | (4,583) | (4,287) |
| | <hr/> | <hr/> |
| | (28,585) | (12,158) |
| | <hr/> | <hr/> |
| Gross Profit | 31,554 | 12,539 |
| Donation to parent company | (12,672) | (24,638) |
| | <hr/> | <hr/> |
| Profit/(loss) for the period | 18,882 | (12,099) |
| | <hr/> | <hr/> |
| Reserves carried forward | 32,383 | 13,501 |
| | <hr/> | <hr/> |

The non-charitable subsidiary, St Leonards Enterprises Limited, is a company limited by guarantee registered in Scotland. The company is principally involved in commercial activities. The Council of the charity have the authority to appoint the board of directors of St Leonards Enterprises Limited.

St Leonards Enterprises Limited pays any surplus taxable profits to the parent company by gift aid. The surplus taxable profits this period are £31,687 (2014: £12,672), which will be paid to the parent company within nine months of the year end.

5. Voluntary income – donations

Donations received of £120,297 (2014: £99,113) included £15,000 received from New Park Educational Trust in respect of repairs to the swimming pool, which were carried out during the year. There were also a number of other legacies and donations received in the year.

6. Exceptional item - gain on sale of assets

During the prior year ended 31 July 2014 an amount of £6,368,743 was received in respect of the sale of land in 2005.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Notes to the Financial Statements (continued) for the year ended 31 July 2015

7. Analysis of resources expended

| | Staff £ | Other £ | Depreciation £ | 2015 Total £ | 2014 Total £ |
|------------------------|------------------|------------------|-------------------|--------------------|--------------------|
| Teaching | 3,768,993 | 200,605 | 96,806 | 4,066,404 | 4,303,472 |
| Pastoral | 278,272 | 4,556 | - | 282,828 | 366,130 |
| School operating costs | 716,824 | 2,299,380 | 293,538 | 3,309,742 | 2,756,698 |
| Grounds/premises | 471,713 | 526,900 | - | 998,613 | 740,293 |
| | <u>5,235,802</u> | <u>3,031,441</u> | <u>390,344</u> | <u>8,657,587</u> | <u>8,166,593</u> |

The above table represents the costs incurred by the functional areas within the School's organisational structure and includes:

| | 2015 £ | 2014 £ |
|--|---------------|---------------|
| Depreciation on tangible fixed assets - School | 390,344 | 323,136 |
| - St Leonards Enterprises | 133 | 133 |
| Operating lease rentals | <u>41,614</u> | <u>17,436</u> |
| Governance | | |
| Auditor's remuneration - audit | 25,000 | 25,016 |
| - other services | 3,951 | 3,048 |
| Council expenses | - | 544 |
| | <u>28,951</u> | <u>28,608</u> |

8. Taxation

The company has been granted charitable status and is exempt from tax by virtue of sections 466 to 493 of the Corporation Tax Act 2010 and section 256 of the Taxation of Capital Gains Act 1992. The company's subsidiary is liable to corporation tax at the rates governed by current legislation.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Notes to the Financial Statements (continued) for the year ended 31 July 2015

9. Tangible fixed assets - Group and Charity

| Group | Freehold land & buildings £ | Motor vehicles £ | Equipment & furnishings £ | Assets under construction £ | Total £ |
|--|--------------------------------------|------------------------|------------------------------------|-----------------------------------|------------------|
| Cost | | | | | |
| At 1 August 2014 | 6,458,029 | 118,394 | 3,813,204 | 250,221 | 10,639,848 |
| Additions | 447,429 | 22,781 | 297,320 | 79,682 | 847,212 |
| Transfers | 183,376 | - | 66,000 | (249,376) | - |
| At 31 July 2015 | 7,088,834 | 141,175 | 4,176,524 | 80,527 | 11,487,060 |
| Depreciation | | | | | |
| At 1 August 2014 | 1,979,720 | 108,368 | 2,759,099 | - | 4,847,187 |
| Provided in the year | 144,623 | 5,399 | 240,455 | - | 390,477 |
| At 31 July 2015 | 2,124,343 | 113,767 | 2,999,554 | - | 5,237,664 |
| Net book amount at 31 July 2015 | 4,964,491 | 27,408 | 1,176,970 | 80,527 | 6,249,396 |
| Net book amount at 31 July 2014 | 4,478,309 | 10,026 | 1,054,105 | 250,221 | 5,792,661 |

| Charity | Freehold land & buildings £ | Motor vehicles £ | Equipment & furnishings £ | Assets under construction £ | Total £ |
|--|--------------------------------------|------------------------|---------------------------------|-----------------------------------|------------------|
| Cost | | | | | |
| At 1 August 2014 | 6,458,029 | 118,394 | 3,811,099 | 250,221 | 10,637,743 |
| Additions | 447,429 | 22,781 | 297,320 | 79,682 | 847,212 |
| Transfers | 183,376 | - | 66,000 | (249,376) | - |
| At 31 July 2015 | 7,088,834 | 141,175 | 4,174,419 | 80,527 | 11,484,955 |
| Depreciation | | | | | |
| At 1 August 2014 | 1,979,720 | 108,368 | 2,757,611 | - | 4,845,699 |
| Provided in the year | 144,623 | 5,399 | 240,322 | - | 390,344 |
| At 31 July 2015 | 2,124,343 | 113,767 | 2,997,933 | - | 5,236,043 |
| Net book amount at 31 July 2015 | 4,964,491 | 27,408 | 1,176,486 | 80,527 | 6,248,912 |
| Net book amount at 31 July 2014 | 4,478,309 | 10,026 | 1,053,488 | 250,221 | 5,792,044 |

The gross cost of buildings on which depreciation is being provided is £6,846,615 (2014: £6,215,810).
The group tangible assets are all used for direct charitable purposes.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

**Notes to the Financial Statements (continued)
for the year ended 31 July 2015**

10. Fixed asset investments

The Group and the Charity

| | 2015 | 2014 |
|---------------------------------------|------------------|---------------|
| | £ | £ |
| Quoted UK investments | | |
| Market value at beginning of year | 76,157 | 74,933 |
| Additions at cost | 4,095,738 | - |
| Disposals at opening market value | (98,094) | - |
| Net gain on revaluation | 76,766 | 1,224 |
| | <u>4,150,567</u> | <u>76,157</u> |
| Cash held for reinvestment | 129,375 | 3,243 |
| | <u>4,279,942</u> | <u>79,400</u> |
| Market value at year end | | |
| | <u>4,095,738</u> | <u>68,853</u> |
| Cost at year end | | |
| Realised loss on sales of investments | (149) | - |
| Unrealised gain on revaluation | 73,217 | 1,224 |
| Net gain on investments | <u>73,068</u> | <u>1,224</u> |

The following holdings of quoted investments are 5% or more of the total portfolio value:

| | | |
|---------------------------------------|----------------|--------------|
| Baillie Gifford Overseas Growth Funds | <u>251,020</u> | <u>6.05%</u> |
|---------------------------------------|----------------|--------------|

11. Debtors

| | Group | | Charity | |
|--------------------------------|----------------|------------------|----------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Fees outstanding | 115,704 | 128,317 | 115,704 | 128,317 |
| Other debtors | 78,658 | 2,362,527 | 43,810 | 2,362,528 |
| Prepayments and accrued income | 53,705 | 50,607 | 53,262 | 50,163 |
| | <u>248,067</u> | <u>2,541,451</u> | <u>212,776</u> | <u>2,541,008</u> |

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

Notes to the Financial Statements (continued) for the year ended 31 July 2015

12. Creditors: amounts falling due within one year

| | Group | | Charity | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| Trade creditors | 237,743 | 434,477 | 219,302 | 434,477 |
| Other creditors and accruals | 759,014 | 236,198 | 755,994 | 232,518 |
| Deposits | 190,954 | 206,683 | 190,954 | 206,683 |
| Fees received in advance | 599,538 | 287,261 | 599,538 | 287,261 |
| Pension | - | 64,173 | - | 64,173 |
| Social security and other taxes | 95,153 | 92,516 | 93,134 | 92,516 |
| | <u>1,882,402</u> | <u>1,321,308</u> | <u>1,858,922</u> | <u>1,317,628</u> |

Included within other creditors are unsecured debenture loans, redeemable only at the option of the charitable company, and carry an interest rate of 5%.

| | Fees received in advance £ |
|--|-------------------------------------|
| Deferred income | |
| Balance at 1 August 2014 | 287,261 |
| Income received and deferred in the year | 599,538 |
| Released in the year | <u>(287,261)</u> |
| Balance at 31 July 2015 | <u>599,538</u> |

13. Creditors: amounts falling due in more than one year

| | Group | | Charity | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| Deposits | 1,037,760 | 1,064,743 | 1,037,760 | 1,064,743 |
| Provision for unfunded pension | 80,000 | 80,000 | 80,000 | 80,000 |
| Fees received in advance | 84,342 | 34,053 | 84,342 | 34,053 |
| | <u>1,202,102</u> | <u>1,178,796</u> | <u>1,202,102</u> | <u>1,178,796</u> |

Included within long term creditors is a provision of £80,000 (2014: £80,000) in relation to the School's on-going obligation to meet the unfunded pension requirements of previous staff.

ST LEONARDS SCHOOL

(a charitable company limited by guarantee)

**Notes to the Financial Statements (continued)
for the year ended 31 July 2015**

14. Funds

| Group | Balance at 1 August 2014 £ | Incoming resources £ | Resources expended £ | Other recognised gains / (losses) £ | Balance at 31 July 2015 £ |
|--|---|-------------------------------------|-------------------------------------|--|--|
| Unrestricted general fund | 9,137,816 | 8,389,729 | (8,586,102) | 71,408 | 9,012,851 |
| Restricted pension scheme funding reserve | 36,000 | - | - | (36,000) | - |
| Other restricted funds: | | | | | |
| 1999 Appeal | 81,512 | - | - | - | 81,512 |
| Scholarship and Bursary fund | 187,143 | 16,072 | (10,000) | 5,358 | 198,573 |
| Legacy fund | 26,329 | - | - | - | 26,329 |
| Clocktower fund | 271 | - | - | - | 271 |
| Fixed asset grant fund | 2,519,431 | 19,500 | (90,070) | - | 2,448,861 |
| Total funds | 11,988,502 | 8,425,301 | (8,686,172) | 40,766 | 11,768,397 |

| Charity | Balance at 1 August 2014 £ | Incoming resources £ | Resources expended £ | Other recognised gains / (losses) £ | Balance at 31 July 2015 £ |
|--|---|-------------------------------------|-------------------------------------|--|--|
| Unrestricted general fund | 9,124,315 | 8,342,262 | (8,557,517) | 71,408 | 8,980,468 |
| Restricted pension scheme funding reserve | 36,000 | - | - | (36,000) | - |
| Other restricted funds: | | | | | |
| 1999 Appeal | 81,512 | - | - | - | 81,512 |
| Scholarship and Bursary fund | 187,143 | 16,072 | (10,000) | 5,358 | 198,573 |
| Legacy fund | 26,329 | - | - | - | 26,329 |
| Clocktower fund | 271 | - | - | - | 271 |
| Fixed asset grant fund | 2,519,431 | 19,500 | (90,070) | - | 2,448,861 |
| Total funds | 11,975,001 | 8,377,834 | (8,657,587) | 40,766 | 11,736,014 |

A description of the nature and purpose of the material funds is given in the accounting policies.

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(a charitable company limited by guarantee)

Notes to the Financial Statements (continued) for the year ended 31 July 2015

15. Analysis of net assets between funds

| Group | Unrestricted £ | Restricted £ | Total £ |
|-------------------------------|-------------------|------------------|-------------------|
| Fixed assets | 7,816,120 | 2,713,218 | 10,529,338 |
| Net current assets | 2,398,833 | 42,328 | 2,441,161 |
| Non-current liabilities | (1,202,102) | - | (1,202,102) |
| Fund balances at 31 July 2015 | <u>9,012,851</u> | <u>2,755,546</u> | <u>11,768,397</u> |

| Charity | Unrestricted £ | Restricted £ | Total £ |
|-------------------------------|-------------------|------------------|-------------------|
| Fixed assets | 7,815,636 | 2,713,218 | 10,528,854 |
| Net current assets | 2,366,934 | 42,328 | 2,409,262 |
| Non-current liabilities | (1,202,102) | - | (1,202,102) |
| Fund balances at 31 July 2015 | <u>8,980,468</u> | <u>2,755,546</u> | <u>11,736,014</u> |

16. Reconciliation of changes in resources to net cash inflow from operating activities

| | 2015 £ | 2014 £ |
|---|----------------|------------------|
| Net (outgoing)incoming resources | (260,871) | 6,779,955 |
| Interest | (3,600) | (5,573) |
| Depreciation | 390,477 | 323,269 |
| Exceptional Income (note 6) | - | (6,368,743) |
| Pension movement | - | (9,000) |
| Donations for acquisition of fixed assets | (24,000) | (83,550) |
| Decrease/(increase) in stock | 3,996 | (3,496) |
| (Increase)/decrease in debtors | (20,807) | 262,659 |
| Increase in creditors | 584,400 | 314,619 |
| Net cash inflow from operating activities | <u>669,595</u> | <u>1,210,140</u> |

17. Reconciliation of net cash flow to movement in net funds

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| (Decrease)/increase in cash in the period | (1,833,470) | 5,064,286 |
| Movement in net debt | (1,833,470) | 5,064,286 |
| Net funds at 1 August 2014 | 6,011,292 | 947,006 |
| Net funds at 31 July 2015 | <u>4,177,822</u> | <u>6,011,292</u> |

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Notes to the Financial Statements (continued) for the year ended 31 July 2015

18. Analysis of changes in net debt

| | At 1 Aug 2014 £ | Cash flow £ | At 31 Jul 2015 £ |
|-----------------------------|-----------------------|------------------|------------------------|
| Bank | 6,008,049 | (1,959,602) | 4,048,447 |
| Cash with investment broker | 3,243 | 126,132 | 129,375 |
| | <u>6,011,292</u> | <u>1,833,470</u> | <u>4,117,822</u> |

19. Pensions

The company operates three pension arrangements.

- (a) Past and present teaching staff are members of the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

St Leonards School has no liability for other employers obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where St Leonards School is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate from 1 April 2015 will be 14.9% of pensionable pay. This will increase to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers contribution rate.

St Leonards School's level of participation in the scheme is 0.12% based on the proportion of employer contributions paid in 2013-14.

The charge included in the financial statements for the current year amounted to £425,743 (2014: £398,698), being the contribution payable by St Leonards School for the year.

- (b) There is also a money purchase scheme for certain non-academic staff which started in 1995. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

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Notes to the Financial Statements (continued) for the year ended 31 July 2015

The charge for the period amounted to £81,900 (2014: £37,499).

19. Pensions (continued)

- (c) The School sponsors the St Leonards School Retirement Benefits Scheme which is a defined benefit scheme in the UK. The scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time, as the average age of the membership increases. A full actuarial valuation was carried out at 31 August 2011 and updated to 31 July 2015 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The scheme triggered a wind-up on 27 April 2015 and the accrual of pension benefits ceased on that date.

Under the current Schedule of Contributions, the employer currently pays premiums in respect of death in service benefits, PPF levies and management and administration expenses not covered by the policy with Phoenix Life Limited. Following the 31 August 2011 valuation, it was agreed that the employer would not pay contributions in respect of future service. Member contributions are payable in addition at the rate of 6% of pensionable salary (until accrual ceased).

Present value of scheme liabilities, fair value of assets and surplus

| | 31 Jul 2015 £'000s | 31 Jul 2014 £'000s | 31 Jul 2013 £'000s |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Fair value of scheme assets | 1,831 | 1,696 | 1,588 |
| Present value of scheme liabilities | (609) | (511) | (776) |
| Surplus in scheme | 1,222 | 1,185 | 812 |
| Unrecognised surplus | (1,222) | (1,149) | (745) |
| Asset to be recognised | - | 36 | 67 |

Reconciliation of opening and closing balances of the present value of the scheme liabilities

| | 31 Jul 2015 £'000s | 31 Jul 2014 £'000s |
|---------------------------------------|--------------------------|--------------------------|
| Scheme liabilities at start of period | 511 | 776 |
| Current service cost | 13 | 16 |
| Interest cost | 22 | 34 |
| Contributions by scheme participants | - | 1 |
| Actuarial (losses)/ gains | 73 | (261) |
| Benefits paid | - | (55) |
| Losses on curtailments | (10) | - |
| Scheme liabilities at end of period | 609 | 511 |

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**Notes to the Financial Statements (continued)
for the year ended 31 July 2015**

19. Pensions (continued)

Reconciliation of opening and closing balances of the fair value of the scheme assets

| | 31 Jul 2015 £'000s | 31 Jul 2014 £'000s |
|--|-----------------------------------|-----------------------------------|
| Fair value of scheme assets at start of period | 1,696 | 1,588 |
| Expected return on scheme assets | 25 | 50 |
| Actuarial gains | 110 | 103 |
| Contributions by employer | - | 9 |
| Contributions by scheme participants | - | 1 |
| Benefits Paid | - | (55) |
| | <hr/> | <hr/> |
| Fair value of scheme assets at end of period | <u>1,831</u> | <u>1,696</u> |

The actual return on the scheme assets over the year ending 31 July 2015 was 135,000 (2014: £153,000).

Total expense recognised in statement of financial activities

| | 31 Jul 2015 £'000s | 31 Jul 2014 £'000s |
|----------------------------------|-----------------------------------|-----------------------------------|
| Current service cost | 13 | 16 |
| Interest cost | 22 | 34 |
| Expected return on scheme assets | (25) | (50) |
| Gain on curtailments | (10) | - |
| | <hr/> | <hr/> |
| Total expense recognised | <u>-</u> | <u>-</u> |

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Notes to the Financial Statements (continued) for the year ended 31 July 2015

19. Pensions (continued)

Actuarial gains and losses shown in statement of financial activities

| | 31 Jul 2015 £'000s | 31 Jul 2014 £'000s |
|---|--------------------------|--------------------------|
| Difference between expected and actual return on scheme assets: gain | 110 | 103 |
| Experience gains and losses arising on the scheme liabilities: gain | (1) | 287 |
| Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain | (72) | (26) |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable(loss)/gain) | 37 | 364 |
| Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable: loss | (73) | (404) |
| Actuarial loss shown in statement of financial activities | (36) | (40) |

The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since adoption of FRS17 is a loss of £255,000 (2014: loss of £219,000).

Assets

| | 31 Jul 2015 £'000s | 31 Jul 2014 £'000s | 31 Jul 2013 £'000s |
|------------------|--------------------------|--------------------------|--------------------------|
| Insurance policy | 1,831 | 1,696 | 1,588 |

None of the fair values of the assets shown above include any of the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Assumptions

| | 31 Jul 2015 % per annum | 31 Jul 2014 % per annum | 31 Jul 2013 % per annum |
|---|----------------------------|----------------------------|----------------------------|
| Inflation – RPI | 3.27 | 3.26 | 3.31 |
| Inflation - CPI | 2.27 | 2.26 | 2.31 |
| Salary increases | n/a | 4.26 | 4.31 |
| Rate of discount | 3.62 | 4.22 | 4.47 |
| Allowance for pension in payment increases of 5% p.a. | 2.27 | 5.00 | 5.00 |
| Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less | 2.31 | 2.26 | 2.31 |
| Allowance for commutation of pension for cash at retirement | None | None | None |

ST LEONARDS SCHOOL

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Notes to the Financial Statements (continued) for the year ended 31 July 2015

19. Pensions (continued)

The mortality assumptions adopted at 31 July 2015 imply the following future life expectancies:

| | |
|-----------------------------------|------|
| Male retiring at age 60 in 2013 | 29.4 |
| Female retiring at age 60 in 2013 | 32.0 |
| Male retiring at age 60 in 2033 | 31.6 |
| Female retiring at age 60 in 2033 | 34.0 |

Expected long term rates of return

The long-term expected rate of return on insurance policy is determined by reference to UK long dated government and corporate bond yields at the balance sheet date with an allowance for out-performance.

The expected long-term rates of return applicable for each period are as follows:

| | Period commencing 1 Aug 2014 % per annum | Period commencing 1 Aug 2013 % per annum | Period commencing 1 Aug 2012 % per annum |
|------------------|---|---|---|
| Insurance policy | 4.22 | 4.47 | 3.50 |

Amounts for the current period and previous four years

| | 2015 £'000s | 2014 £'000s | 2013 £'000s | 2012 £'000s | 2011 £'000s |
|---|----------------|----------------|----------------|----------------|----------------|
| Fair value of assets | 1,831 | 1,696 | 1,588 | 2,825 | 1,928 |
| Present value of scheme liabilities | 609 | 511 | 776 | 2,114 | 1,537 |
| Surplus in scheme | 1,222 | 1,185 | 812 | 711 | 391 |
| Experience adjustment on scheme assets | 110 | 103 | (88) | 774 | (135) |
| Experience adjustment on scheme liabilities | (1) | 287 | 125 | 87 | 46 |

Estimate of contributions to be paid to the scheme

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 July 2015 is £nil (2014: £nil).

20. Leasing commitments

The Group and the Charity

Annual commitments under non-cancellable operating leases are set out below:

| | Plant & machinery 2015 £ | Plant & machinery 2014 £ |
|--------------------------------|-----------------------------------|-----------------------------------|
| Operating leases which expire: | | |
| Between two and five years | 36,694 | 22,296 |

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**Notes to the Financial Statements (continued)
for the year ended 31 July 2015**

21. Capital commitments

There were no capital commitments at 31 July 2015 (2014: 4) relating to main school infrastructure projects. The value of the commitments as at 31 July 2015 is £nil (2014: £497,175).

22. Related party transactions

The School has taken advantage of the exemption available under FRS 8 on related party transactions not to disclose transactions with the subsidiary company that are eliminated on consolidation. There were no other related party transactions during the year to 31 July 2015 or the year to 31 July 2014.