

The Pollok School Company
recognised by the Inland Revenue as a Charity
(Limited by Guarantee and not having a share capital)

Directors' report and financial statements
30 June 1997



Financial statements

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Notice of meeting

Notice is hereby given that the Annual General Meeting of the Members of The Pollok School Company will be held on 9 December 1997 at 4:30pm at 72 St Andrews Drive, Glasgow, G41 4HS to transact the following business:

- 1 To receive and consider the accounts for the year ended 30 June 1997 and the reports of the directors and auditors thereon.
- 2 To re-elect directors.
- 3 To re-appoint the auditors.
- 4 To transact any other ordinary business of the company.

A member of the company entitled to attend and vote is entitled to appoint a proxy who need not be a member of the company to attend and vote instead of him.

By order of the board



I Dalglish
Secretary

72 St Andrews Drive
Glasgow
G41 4HS

3 December 1997

Directors' report

Craigholme School

Craigholme School was founded in 1894. The school is a registered charity and is a company limited by guarantee which does not have any share capital. The school provides independent education for girls between three and a half and eighteen years of age. The charitable objectives of the school are set out in the Memorandum and Articles of Association of the school which were registered in 1942 when it was incorporated as The Pollok School Company.

Craigholme School's aim is to offer a balanced education of the highest quality, to realise each pupil's full potential.

It is the policy of the school to:

- provide a full range of education courses and to maximise the academic achievement of all pupils;
- develop confident, independent and articulate pupils with a sense of social and moral responsibility and respect for others;
- complement the academic goals with the provision of wide-ranging sporting, cultural and social activities;
- foster good relationships between teachers, pupils, parents and the wider community in achieving these goals.

465 pupils attended the school during the year.

Policy

The Board determines the policy of the school, and the day to day management is delegated to the Headmistress and the Business Manager. The Board and its sub-committees meet formally eight times in each academic year to review the school's progress.

Directors

The directors of the company, who are also the charity trustees and governors of the school, who served during the year were:

JS Laird	(chairman)
DP Lindsay	
JB Park	
PD Christie	
KSG Fish	
MG Fairman	
Clare R Giles	
Sue E Jerdan	(resigned 6 May 1997)
G Bruce	(resigned 21 April 1997)
JS Perry	
Professor JR McDonald	
Anne C Ritchie	

The directors retiring by rotation are Messrs JS Laird, MG Fairman, and KSG Fish who, being eligible, offer themselves for re-election. Messrs DP Lindsay and PD Christie also retire but do not seek re-election.

Directors' report *(continued)*

Key personnel and advisers

Headmistress: Gillian R Burt MA (Hons)

Secretary and Business Manager: I Dalglish CA

Bankers: The Royal Bank of Scotland plc
128 Bath Street
Glasgow

Solicitors: McGrigor Donald
70 Wellington Street
Glasgow

Auditors: KPMG
24 Blythswood Square
Glasgow

Review

The major refurbishment of the school was completed and further improvements to the property are under active consideration.

During the year, Her Majesty's Inspectors of Schools conducted extended inspections in both senior and junior schools. The resultant reports were excellent in all respects, with only a few minor recommendations, which are currently being implemented.

Fixed assets

Details of movements in tangible fixed assets are given in note 8 to the accounts. During the year heritable buildings were revalued on the basis of the net realisable value on reinstatement of the properties to private use.


Financial results

The financial results for the year are set out on pages 7 to 16. There was an operating surplus of £1,782, before charging a deficit of £488,751 on revaluation of freehold property.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of KPMG as auditors of the company will be put to the Annual General Meeting.

By order of the Board


I Dalglish
Secretary

72 St Andrew's Drive
Glasgow
G41 4HS

3 December 1997

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.



24 Blythswood Square
Glasgow
G2 4QS
United Kingdom

Auditors' report to the members of The Pollok School Company

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

No provision for depreciation of freehold buildings has been made for the reason stated in Note 1. This is contrary to the intention of Statement of Standard Accounting Practice No 12. It is not practical for us to quantify the effect on the financial statements.

Subject to the above reservation, in our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

3 December 1997

Income and expenditure account
for the year ended 30 June 1997

	Note	1997 £	1996 (Restated: Note 3) £
Income	3	1,626,643	1,582,550
Operating expenses		(1,624,194)	(1,556,107)
		<hr/>	<hr/>
Operating surplus	4	2,449	26,443
Investment income	6	792	782
		<hr/>	<hr/>
		3,241	27,225
Interest payable	7	(1,459)	(3,070)
		<hr/>	<hr/>
	2	1,782	24,155
Deficit on revaluation of freehold property	8	(488,751)	-
		<hr/>	<hr/>
(Deficit)/surplus for the year		(486,969)	24,155
		<hr/>	<hr/>

Movements in reserves are given in note 13.

Statement of total recognised gains and losses

	1997 £	1996 (Restated: Note 3) £
(Deficit)/surplus for the year	(486,969)	24,155
Grant from Craigholme School Trust Centenary Fund	-	58,000
Capital released from Jephcott Trust	-	31,957
	<hr/>	<hr/>
Total recognised gains and losses in the year	(486,969)	114,112
	<hr/>	<hr/>

Balance sheet
at 30 June 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible fixed assets	8	834,157	1,351,542
Investments	9	324	324
		<hr/>	<hr/>
		834,481	1,351,866
		<hr/>	<hr/>
Current assets			
Debtors and prepayments	10	74,600	62,877
Cash at bank		141,094	176,092
		<hr/>	<hr/>
		215,694	238,969
		<hr/>	<hr/>
Creditors: amounts falling due within one year	11	(272,496)	(351,609)
		<hr/>	<hr/>
Net current liabilities		(56,802)	(112,640)
		<hr/>	<hr/>
Total assets less current liabilities		777,679	1,239,226
		<hr/>	<hr/>
Creditors: amounts falling due after one year	12	(25,550)	(550)
		<hr/>	<hr/>
		752,129	1,238,676
		<hr/>	<hr/>
Reserves	13	752,129	1,238,676
		<hr/>	<hr/>

Approved by the Board on 3 December 1997 and signed on its behalf by:



MG Fairman
Director

Cash flow statement
for the year ended 30 June 1997

	1997 £	1996 £
Net cash inflow from operating activities	32,046	13,017
Returns on investment and servicing of finance		
Interest and dividends received - unrestricted funds	792	667
Interest and dividends received - endowment fund	122	115
Interest paid	(1,459)	(3,070)
Net cash outflow from returns in investment and servicing of finance	(545)	(2,288)
Investing activities		
Payments to acquire tangible fixed assets	(10,209)	(73,750)
Net cash inflow/(outflow) before financing	21,292	(63,021)
Financing		
Grant from Craigholme School Centenary Fund	-	58,000
Loan from Craigholme School Trust	25,000	-
Capital released from Jephcott Trust	-	31,957
Endowment fund - gift	300	-
Net cash inflow from financing	25,300	89,957
Increase in cash and cash equivalents	46,592	26,936

Notes to the cash flow statement

1 The company has adopted the revised FRS 1 presentation for the cash flow statement and the 1996 figures have been adjusted accordingly.

2 *Reconciliation of operating surplus to net cash inflow from operating activities*

	1997 £	1996 (Restated: Note 3) £
Operating surplus	2,449	26,443
Depreciation charges	38,843	679
Increase in debtors	(11,723)	(12,075)
Increase/(decrease) in creditors	2,477	(2,030)
Net cash inflow from operating activities	32,046	13,017

Notes to the cash flow statement (continued)

3 Reconciliation of net cash flow to movement in net debt

	1997 £	1996 £
Increase in cash in the year	46,592	26,936
Cash inflow from increase in debt	(25,000)	-
	<hr/>	<hr/>
Movement in net debt in the year	21,592	26,936
Net debt at beginning of year	93,952	67,016
	<hr/>	<hr/>
Net debt at end of year	115,544	93,952
	<hr/>	<hr/>

4 Analysis of net debt

	At 1 July 1996 £	Cash flow £	At 30 June 1997 £
Cash at bank and in hand	176,092	(34,998)	141,094
Bank overdraft	(81,590)	81,590	-
		<hr/>	
		46,592	
Debt due after one year	(550)	(25,000)	(25,550)
	<hr/>	<hr/>	<hr/>
	93,952	21,592	115,544
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

a. Basis of preparation

The accounts are prepared under historical cost convention, modified by the revaluation of heritable property, and in accordance with applicable accounting standards and the Statement of Recommended Practice 2 'Accounting for Charities', except as noted at (b) below.

b. Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold property	- over the period of the lease
Leasehold improvements	- 2% straight line
Equipment	- 20-25% straight line

No depreciation is provided on heritable property. The directors consider that the requirements of SSAP 12 are not appropriate as major expenditure is met from a separate charge on each pupil, and from outside sources.

c. Fees

Fees consist of charges for the school year ending 30 June.

d. Expenditure

Expenditure is allocated to expense headings on a direct cost basis. The irrecoverable element of VAT is included with the item of expense to which it relates. Supplies of games equipment, books, stationery and sundry materials are written off when the expenditure is incurred.

e. Pension schemes

Pension contributions are made on behalf of all teaching staff and some of the non-teaching staff, to externally administered funds. Contributions to these funds are charged in the income and expenditure account so as to spread the cost of pensions over the employees' service lives.

Notes (continued)

2 Statement of financial activities

	Unrestricted funds	
	1997	1996
	£	£
<i>Incoming resources</i>		
Fees receivable	1,550,825	1,515,030
Capital levy	63,521	64,540
Other income	12,297	2,980
Bank interest	792	782
	<hr/>	<hr/>
Total incoming resources	1,627,435	1,583,332
	<hr/>	<hr/>
<i>Resources used</i>		
Direct charitable expenditure:		
Teaching costs	1,212,241	1,173,638
Welfare	31,510	24,925
Premises	202,986	186,961
Support costs	174,326	167,310
	<hr/>	<hr/>
	1,621,063	1,552,834
	<hr/>	<hr/>
Other expenditure:		
Management and administration of the charity	3,131	3,273
Interest	1,459	3,070
	<hr/>	<hr/>
Total resources expended	1,625,653	1,559,177
	<hr/>	<hr/>
Net incoming resources	1,782	24,155
	<hr/>	<hr/>

3 Income

Included in income is £63,521 relating to a capital levy which represents a separate fee to meet the costs of major refurbishments to the school buildings. In prior years, the levy has been credited directly to reserves. It has been credited to the income and expenditure account this year in order to match the associated refurbishment expenditure. The 1996 comparatives (capital levy of £64,540) have been restated accordingly.

Income also includes grants receivable under the Assisted Places Scheme amounting to £155,535 (1996: £133,322).

Notes (continued)

4 Operating surplus

	1997	1996
	£	£
The surplus is stated after charging:		
Staff costs	1,277,606	1,241,597
Depreciation	38,843	679
Auditors' remuneration	3,150	3,137
	<hr/>	<hr/>

5 Employees

	Number of employees	
	1997	1996
The average number of employees in the year was:		
Teaching:		
Full-time	42	42
Part-time	17	15
Domestic	20	18
Administration	3	4
	<hr/>	<hr/>
	82	79
	<hr/>	<hr/>
Staff costs comprise:	£	£
Wages and salaries	1,121,789	1,083,341
Social security costs	84,146	79,862
Pension contributions	71,671	78,394
	<hr/>	<hr/>
	1,277,606	1,241,597
	<hr/>	<hr/>

The directors received no remuneration, or reimbursement of expenses, during the year.

Notes (continued)

6	Investment income				
		1997	1996		
		£	£		
	Income from listed investments	19	19		
	Interest on short term deposits	773	763		
		<hr/>	<hr/>		
		792	782		
		<hr/>	<hr/>		
7	Interest payable	1997	1996		
		£	£		
	Bank overdraft interest	1,445	3,048		
	Debenture interest	14	22		
		<hr/>	<hr/>		
		1,459	3,070		
		<hr/>	<hr/>		
8	Tangible fixed assets				
		Heritable property £	Leasehold property £	Equipment £	Total £
	<i>Cost or valuation</i>				
	At 1 July 1996	985,402	96,868	309,872	1,392,142
	Reclassification	203,349	-	(203,349)	-
	Additions	-	-	10,209	10,209
	Write-down on revaluation	(488,751)	-	-	(488,751)
		<hr/>	<hr/>	<hr/>	<hr/>
	At 30 June 1997	700,000	96,868	116,732	913,600
		<hr/>	<hr/>	<hr/>	<hr/>
	<i>Depreciation</i>				
	At 1 July 1996	-	40,600	-	40,600
	Charge for the year	-	1,730	37,113	38,843
		<hr/>	<hr/>	<hr/>	<hr/>
	At 30 June 1997	-	42,330	37,113	79,443
		<hr/>	<hr/>	<hr/>	<hr/>
	<i>Net book amount</i>				
	At 30 June 1997	700,000	54,538	79,619	834,157
		<hr/>	<hr/>	<hr/>	<hr/>
	At 30 June 1996	985,402	56,268	309,872	1,351,542
		<hr/>	<hr/>	<hr/>	<hr/>

The heritable property has been revalued by the directors within a range of values provided by a professional firm of chartered surveyors on the basis of estimated net realisable value for return to residential use.

Notes (continued)

9	Investments	1997	1996
		£	£
	Listed on the Stock Exchange	324	324
		<hr/>	<hr/>
	The market value of listed investments at 30 June 1997 was £314 (1996: £278).		
10	Debtors and prepayments	1997	1996
		£	£
	Fees	17,716	38,090
	Prepayments and accrued income	44,665	9,621
	Other debtors	12,219	15,166
		<hr/>	<hr/>
		74,600	62,877
		<hr/>	<hr/>
11	Creditors: amounts due within one year	1997	1996
		£	£
	Bank overdraft	-	81,590
	Trade creditors	30,464	12,683
	Taxation and social security	31,901	27,506
	Accruals	191,381	211,735
	Other creditors	18,750	18,095
		<hr/>	<hr/>
		272,496	351,609
		<hr/>	<hr/>
	The company's bank overdraft facility is secured over certain heritable properties.		
12	Creditors: amounts falling due after more than one year	1997	1996
		£	£
	4% debentures (repayable at par at company's option)	550	550
	Loan from Craigholme School Trust	25,000	-
		<hr/>	<hr/>
		25,550	550
		<hr/>	<hr/>
	The loan is repayable in eight equal annual instalments commencing 1 July 1998.		

Notes (continued)

13	Reserves	1997 £	1996 (Restated: see Note 3) £
a.	General reserve		
	As at 1 July	1,227,464	1,113,352
	Grant from Craigholme School Trust Centenary Fund	-	58,000
	Capital released from Jephcott Trust	-	31,957
	(Deficit)/surplus for year	(486,969)	24,155
		<hr/>	<hr/>
	As at 30 June	740,495	1,227,464
		<hr/>	<hr/>
b.	Specific funds		
	Hockey pitch appeal fund	8,760	8,760
	Sports fund	267	267
		<hr/>	<hr/>
		9,027	9,027
		<hr/>	<hr/>
c.	Endowment - prize fund	2,607	2,185
		<hr/>	<hr/>
	Total reserves	752,129	1,238,676
		<hr/>	<hr/>

14 Capital commitments

Capital commitments contracted for but not provided in these financial statements are £Nil (1996: £Nil).

15 Pensions

All full-time and some part-time teaching staff are members of the Scottish Teachers Superannuation Scheme. The Scheme provides defined benefits and is the responsibility of the Scottish Office Pensions Agency. Contributions during the year based on 8% of pensionable salaries totalled £70,550 (1996: £76,748). There is no superannuation fund and benefits are statutorily payable.

Non-teaching staff are eligible to join the Strathclyde Pension Fund and four members have elected to do so. Based on the actuarial advice on the Scheme the employer's contribution of 80% of employees' contributions during the year ended 31 March 1997 rises to 100% in the 1997/98 financial year. Contributions during the year amounted to £1,121 (1996: £1,646).