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REC

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

Directors' report and financial statements
30 June 2002



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Notice of meeting

Notice is hereby given that the Annual General Meeting of the Members of Craigholme School will be held on Tuesday 10th December 2002 at 4.30pm at 72 St Andrews Drive, Glasgow, to transact the following business:

1. To receive and consider the accounts for the year ended 30 June 2002 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 Andrew's Drive
Glasgow
G41 4HS

27 November 2002

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. On 9 May 2000 The Pollok School Company changed its name to Craigholme School.

In October 2000 the revised Statement of Recommended Practice – Accounting and Reporting for Charities was issued. The School has complied with these recommendations in preparing the financial statements for the year ended 30 June 2002.

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.

During the year 542 pupils attended the school.

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 Sub-committees meet regularly to review the school's progress.

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Directors' report *(continued)*

Reserves policy

Unrestricted funds, accumulated from past operating results, represent free resources of the company. The directors are satisfied that unrestricted funds held in liquid funds are sufficient to cover operating expenditure at current levels for the foreseeable future. The unrestricted funds are held to receive income of the company availed for use by the directors as they decide, in pursuance of the stated aims of the company.

Risk management policy

The board undertook a full risk management review during the year, summarised under four categories:

Strategic
Operational
Regulatory
Financial

Procedures have been established to minimise identified risks in all areas and a system of continuing review initiated.

Directors

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

J S Perry* (Chairman)
Professor J R McDonald* (Vice Chairman)
Ms J Boag Thomson
Dr J M Brown*
Mrs C R Giles
J G Maxwell*
W Wiseman*
Miss E N D Robertson (appointed 17 January 2002)
A B Braidwood (appointed 17 January 2002)

The directors retiring are Miss E N D Robertson, A B Braidwood and J S Perry who, being eligible, offer themselves for re-election.

* Denotes directors who had children at the school during the year. No fee discounts were granted in respect of these children.

Directors' report *(continued)*

Key personnel and advisers

Headmistress:	Gillian R Burt MA (Hons)
Secretary and Business Manager:	Ian Dalglish CA
Bankers:	The Royal Bank of Scotland plc 128 Bath Street Glasgow
Solicitors:	Golds 8 Newton Place Glasgow
Auditors:	Scott-Moncrieff Chartered Accountants 25 Bothwell Street Glasgow

Review

During school session 2001/02, Craigholme was the only single sex non-denominational school in the west of Scotland. Average pupil numbers during the session rose to 542, compared to 494 the previous year, thus vindicating the decision of the Directors to continue the development and refurbishment programme which, over the last ten years, has seen the major upgrading and expansion of the school's facilities.

During the year, the school's sister organisation The Craigholme Foundation, was launched as the principal fundraising vehicle for the continuing development programme. To date, in excess of £250,000 has been pledged, and the first benefits thereof were celebrated by the opening of the school's new nursery at 62 St Andrew's Drive at the beginning of session 2002/03.

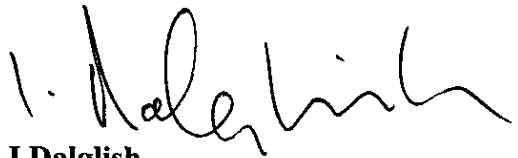
At the end of the year, the school enjoyed a substantially full roll and continued to achieve outstanding success academically, in the arts and on the sports field. The financial position of the company continues to improve

Craigholme School
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Financial results

The financial results for the year are set out on page 9. There was a surplus of £118,491 before transfers to reserves.

By order of the Board

A handwritten signature in black ink, appearing to read 'I Dalglish', written over a horizontal line.

I Dalglish
Secretary

72 St Andrew's Drive
Glasgow
G41 4HS

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.

Craigholme School
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Report of the auditors to the members of Craigholme School

We have audited the financial statements of Craigholme School for the year ended 30 June 2002 set out on pages 9 to 20. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 14.

Respective responsibilities of governors and auditors

As described in the Statement of Directors' Responsibilities, the charitable company's directors are responsible for the preparation of the financial statements in accordance with the applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year and have been properly prepared in accordance with the Companies Act 1985.



Scott-Moncrieff
Chartered Accountants
Registered Auditor
25 Bothwell Street
Glasgow G2 6NL

27 Nov 2002

Statement of Financial Activities
For the year ended 30 June 2002

	Note	Unrestricted Funds £	Restricted Funds £	Total 2002	Total 2001 £
Incoming resources					
Fees receivable	2	2,481,153	-	2,481,153	2,079,956
Capital levy	2	181,250	-	181,250	166,920
Other income		13,499	-	13,499	14,729
		<u>2,675,902</u>	<u>-</u>	<u>2,675,902</u>	<u>2,261,605</u>
Investment income	3	4,500	2,202	6,702	4,426
		<u>2,680,402</u>	<u>2,202</u>	<u>2,682,604</u>	<u>2,266,031</u>
Total incoming resources					
Resources expended					
Direct charitable expenditure	4	2,157,366	2,350	2,159,716	1,899,825
Support costs		374,090		374,090	252,774
Management and Administration of the charity		4,000	-	4,000	3,600
		<u>2,535,456</u>	<u>2,350</u>	<u>2,537,806</u>	<u>2,156,199</u>
Interest	6	26,307	-	26,307	5,577
		<u>2,561,763</u>	<u>2,350</u>	<u>2,564,113</u>	<u>2,161,776</u>
Total resources expended					
Net movement in funds		<u>118,639</u>	<u>(148)</u>	<u>118,491</u>	<u>104,255</u>
Balance at 1 July 2001		<u>1,417,747</u>	<u>49,296</u>	<u>1,467,043</u>	<u>1,362,788</u>
Balance at 30 June 2002		<u><u>1,536,386</u></u>	<u><u>49,148</u></u>	<u><u>1,585,534</u></u>	<u><u>1,467,043</u></u>

Statement of Total Recognised Gains and Losses

For the year ended 30 June 2002

	2002	2001
	£	£
Surplus for the financial year	118,491	104,255
Unrealised gain / loss on investments	84	-
	<hr/>	<hr/>
Total recognised gains for the year	<u>118,575</u>	<u>104,255</u>

Note of historical cost profits and losses

For the year ended 30 June 2002

	2002	2001
	£	£
Reported surplus on ordinary activities after revaluation	118,575	104,255
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(775)	(775)
	<hr/>	<hr/>
Historical cost surplus on ordinary activities	<u>117,800</u>	<u>103,480</u>
Historical cost surplus for the year retained after transfers to reserves	<u>117,800</u>	<u>103,480</u>

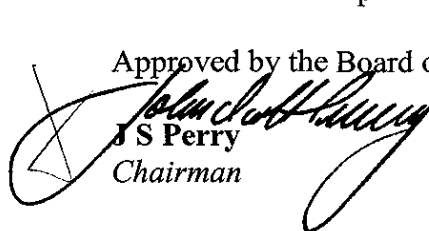
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Balance sheet
at 30 June 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible fixed assets	7	1,795,598	1,229,575
Investments	8	408	324
		<u>1,796,006</u>	<u>1,229,899</u>
Current assets			
Debtors and prepayments	9	84,519	108,539
Cash at bank		393,985	252,934
		<u>478,504</u>	<u>361,473</u>
Creditors: amounts falling due within one year	10	(305,687)	(111,829)
Net current assets		<u>172,817</u>	<u>249,644</u>
Total assets less current liabilities		1,968,823	1,479,543
Creditors: amounts falling due after one year	11	(383,205)	(12,500)
		<u>1,585,618</u>	<u>1,467,043</u>
Funds			
Unrestricted	12	1,536,470	1,417,747
Restricted	12	49,148	49,296
		<u>1,585,618</u>	<u>1,467,043</u>

These accounts have been prepared in accordance with the special provisions relating to medium-sized companies within Part VII of the Companies Act 1985.

Approved by the Board on 24 October 2002 and signed on its behalf by:


J S Perry
Chairman

Craigholme School
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Cash flow statement
As at 30 June 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	1	401,672	123,299
Returns on investments and servicing of finance	2	(19,605)	(1,151)
Capital expenditure	3	(631,016)	(42,657)
		<hr/>	<hr/>
Cash (outflow)/inflow before use of liquid resources and finance		(248,949)	79,491
Financing	4	390,000	-
		<hr/>	<hr/>
Increase in cash		<u>141,051</u>	<u>79,491</u>

**Reconciliation of net cash flow to
Movement in net funds**

Change in net funds resulting from cash flows	141,051	79,491
Net funds at 1 July 2001	<u>252,934</u>	<u>173,443</u>
Net funds at 30 June 2002	<u>393,985</u>	<u>252,934</u>

Notes on cash flow statement

As at 30 June 2002

	2002	2001
	£	£
1 Reconciliation of operating profit to net cash inflow from operating activities		
Operating surplus – from charitable activities	118,491	104,255
Depreciation	64,993	49,045
Interest	26,307	5,577
Investment income	(6,702)	(4,426)
Decrease/(Increase) in debtors	24,020	(26,839)
Increase/(Decrease) in creditors	174,563	(4,313)
	<u>401,672</u>	<u>123,299</u>
2 Returns on investments and servicing of finance		
Interest paid	(26,307)	(5,577)
Interest received	6,702	4,426
	<u>(19,605)</u>	<u>(1,151)</u>
3 Capital expenditure		
Payments to acquire tangible fixed assets	<u>(631,016)</u>	<u>(42,657)</u>
4 Financing		
New loans	<u>390,000</u>	<u>-</u>

Notes

1 Accounting policies

a. Basis of preparation

The accounts are prepared under the historical cost convention, modified by the revaluation of certain assets, and in accordance with applicable accounting standards and the Statement of Recommended Practice - Accounting and Reporting by Charities.

b. Tangible fixed assets

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

Freehold property		- 2% straight line
Leasehold property)	- over the period of the lease
Leasehold improvements)	
Equipment		- 20% - 33% straight line

c. Investments

Investments are included in the balance sheet at their market value.

d. Fees

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

e. 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.

f. Pension schemes

Pension cost charges represent the contributions payable by the company to the schemes concerned.

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Notes (continued)

2. Incoming resources

Fees receivable include grants receivable under the Assisted Places Scheme amounting to £47,553 (2001 £80,244).

The capital levy represents a separate fee to meet the costs of major refurbishments to the school buildings.

3 Investment income	2002	2001
	£	£
Income from listed investments	21	21
Interest on short term deposits	6,681	4,405
	<u>6,702</u>	<u>4,426</u>

4 Direct charitable expenditure	2002	2001
	£	£
Teaching costs	1,836,218	1,590,808
Welfare	36,128	26,733
Premises	285,020	278,097
Other	2,350	4,187
	<u>2,159,716</u>	<u>1,899,825</u>

5 Employees	2002	2001
	Number of Employees	
The average number of employees in the year was:		
Teaching: Full-time	52	45
Part-time	13	16
Domestic	22	22
Administration	7	6
	<u>94</u>	<u>89</u>
Staff costs comprise:	£	£
Wages and salaries	1,760,926	1,520,408
Social security costs	127,699	114,622
Pension contributions	108,456	88,783
	<u>1,997,081</u>	<u>1,723,813</u>

The directors received no remuneration during either year.

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Notes (continued)

6	Interest payable		2002	2001	
			£	£	
	Loan interest		25,580	-	
	Bank overdraft interest		727	5,577	
			<u>26,307</u>	<u>5,577</u>	
7	Tangible fixed assets				
		Heritable Property	Leasehold Property	Equipment	Total
	<i>Cost or valuation</i>	£	£	£	£
	At 1 July 2001	1,150,000	96,868	154,701	1,401,569
	Additions	557,597	-	73,419	631,016
	Disposals	-	-	(62,878)	(62,878)
		<u>1,707,597</u>	<u>96,868</u>	<u>165,242</u>	<u>1,969,707</u>
	<i>Depreciation</i>				
	At 1 July 2001	23,000	49,248	99,746	171,994
	On disposals	-	-	(62,878)	(62,878)
	Charge for the year	23,000	1,730	40,263	64,993
		<u>46,000</u>	<u>50,978</u>	<u>77,131</u>	<u>174,109</u>
	<i>Net book amount</i>				
	At 30 June 2001	<u>1,127,000</u>	<u>47,620</u>	<u>54,955</u>	<u>1,229,575</u>
	At 30 June 2002	<u>1,661,597</u>	<u>45,890</u>	<u>88,111</u>	<u>1,795,598</u>

The heritable property was revalued by the directors at 30 June 1997 within a range of values provided by Fotheringham & Co, Chartered Surveyors on the basis of estimated net realisable value for return to residential use. This valuation was updated on 30 June 2000 on a similar basis with subsequent additions shown at cost.

The transitional provisions of Financial Reporting Standard No. 15 have been adopted and the value of the property has not been updated.

Included in heritable property additions is expenditure of £152,000 which will be funded by The Craigholme Foundation.

Notes (continued)

8 Investments	2002	2001
	£	£
Listed on the Stock Exchange	408	324

The current year end investments are held at market value whereas the comparative is stated at cost. The market value of listed investments at 30 June 2001 was £300.

9 Debtors and prepayments	2002	2001
	£	£
Fees	26,186	40,393
Prepayments and accrued income	19,884	25,545
Other debtors	38,449	42,601
	<u>84,519</u>	<u>108,539</u>

10 Creditors: amounts due within one year	2002	2001
	£	£
Bank loans	43,500	
Trade creditors and accruals	163,287	35,925
Taxation and social security	44,143	41,513
Deferred income	18,630	5,000
Other creditors	36,127	29,391
	<u>305,687</u>	<u>111,829</u>

11 Creditors: amounts falling due after more than one year	2002	2001
	£	£
Loan from The Craigholme Foundation	9,375	12,500
Loan from Royal Bank of Scotland plc	346,500	-
Tuition fees paid in advance	27,330	-
	<u>383,205</u>	<u>12,500</u>

This loan from The Craigholme Foundation (formerly The Craigholme School Trust) is repayable in eight equal annual instalments commencing 1 July 1998. The instalment payable on 1 July 2002 is included in creditors due within one year (note 10).

The loan from the Royal Bank of Scotland, which is secured over certain assets of the school, is repayable in nine equal annual instalments commencing no later than 31 May 2003. The instalment payable by that date is included in creditors due within one year (note 10).

The portion of the tuition fees paid in advance which refers to the year to 30 June 2003 is likewise included in creditors due within one year (note 10).

12 Funds

	Balance 1 July 2001	Transfer (to)/from Income and Expenditure Account	Other	Balance 30 June 2002
	£	£	£	£
Unrestricted funds:				
Accumulated surplus	1,417,747	118,639	84	1,536,470
Restricted funds:				
Bursary Fund	40,016	(5)	-	40,011
Prize Fund	4,067	(153)	-	3,914
Ruth Campbell Memorial Fund	5,213	10	-	5,223
	49,296	(148)	-	49,148
Total funds	1,467,043	118,491	84	1,585,618

Bursary Fund

The Bursary fund provides income for bursaries which have been awarded from session 2001/2002.

Prize Fund

A prize fund has been established to provide income for prizes which will be awarded in the future.

Ruth Campbell Memorial Fund

The income from this fund is utilised to support former pupils undertaking approved projects.

13 Capital commitments

Capital commitments contracted for but not provided in these financial statements are £115,000 (2001 £429,400).

Notes (continued)

14 Pensions

All members of the academic staff have the option to be covered by the Scottish Teachers' Superannuation Scheme (STSS) to which the School contributes. Other staff of the School are covered by the Local Government Superannuation Scheme (LGSS) through Strathclyde Pension Fund. Again the School contributes as the employer.

STSS

This scheme is a defined benefit scheme, which provides benefits based on final pensionable salary. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account is equal to the contributions paid to the scheme for the year. The pension costs are assessed using the projected unit method. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	31 March 1996
Gross investment yield	8.5%
Investment yield/salary increase differential	+ 2%
Investment yield/price-indexed pensions differential	+ 3.5%
Market value of notional securities	£4,029 million
Proportion of members accrued benefits covered by the actuarial valuation	93%

LGSS

This scheme is a defined benefit scheme, which provides benefits based on final pensionable salary. Whilst it is possible to identify each institution's share of the underlying assets and liabilities of the scheme, the directors consider that full disclosure would be unduly onerous. A full actuarial valuation was carried out at 30 June 2002 by a qualified independent actuary, identifying a net pension liability at that date of £71000.

	2002 £	2001 £
Pension contributions		
STSS	94,753	79,508
LGSS	13,703	9,275
	<u>108,456</u>	<u>88,783</u>