

SC 23577

ST. MARY'S SCHOOL (MELROSE) LIMITED

A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS

For the year ended 31st July 2004



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COMPANIES HOUSE 28/10/04

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS
for the year ended 31st July, 2004

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ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS
for the year ended 31st July, 2004

Company Registration Number: SC 23577

Recognised Charity Number: SC 009352

Registered Office: Abbey Park,
Melrose,
Roxburghshire,
TD6 9LN.

Governors: G.T.G. Baird (Chairman)
The Hon. Lord Abernethy (Vice-chairman)
L.A.C. Ashby
D. Sturrock
V. Dobie
I. Wilson
G.N. Farr
D. Younger

Secretary: Neil W. Miller

Auditors: Douglas Home & Co.,
Registered Auditors and Chartered Accountants,
47-49, The Square,
Kelso,
Roxburghshire,
TD5 7HW.

Bankers: The Royal Bank of Scotland,
High Street,
Melrose,
Roxburghshire,
TD6 9PF.

REPORT OF THE GOVERNORS

The Governors, who are also the Company Directors and the Charity Trustees, submit their report, together with financial statements, for the year ended 31st July, 2004.

Object

In accordance with the Charitable Company's Memorandum and Articles of Association, the object of the School is the advancement of education.

Principal Activity

The company operates an independent preparatory school.

Review of Activities and Financial Position

A surplus of £ 91,318 was achieved and transferred to relevant funds.

During summer 2003, work was completed on the two new classrooms formed from the Gannochy Hall and also additional car parking to the rear of the school. Because of delays with contractors, it was not until the end of 2003 that the classroom porch, additional girls' toilets and laundry, became operational. The overall cost of these projects amounted to £82,000 of which £20,000 was funded from the Redevelopment Appeal.

Summer 2004 has seen a number of projects being undertaken. These include upgrade to the telephone system, replacement of kitchen dishwasher and fittings, traffic calming outside pre-prep, carpeting in dormitories, tree safety work and replacement of emergency lights in the Morrison Hall at an overall cost of £12,000 with the telephone system £4,300 being funded over 3 years. Work commenced on removal and identification of asbestos and installation of new pupil computers with Broadband capacity in addition to refurbishment of the main school boilerhouse. The asbestos and boilerhouse work will cost around £13,500 with pupil computers £7,750 being funded with assistance from the Former Pupils Club and also a generous donation.

During the year some £16,500 was spent on repairs to the Morrison Hall roof and the school mini bus was replaced at a cost of £19,500 funded over 4 years by bank business loan. Further Health and Safety work was undertaken at a total cost of £4,400. Re-felting of the remaining flat roofs was completed at a cost of £5,625.

Academically, pupils taking the 13+ Common Entrance Scholarship and other entrance exams to senior schools, achieved no fewer than 7 awards. Common Entrance candidates averaged well over 60% across all subjects.

On the sporting front, four boys from the senior rugby team were selected to play for the West of Scotland Prep Schools side with 5 senior girls selected to play for the Dandylions East of Scotland Prep School team. The U11 girls' team won the Compass Junior Hockey Cup. In athletics, St. Mary's pupils won 4 gold, 4 silver and 2 bronze medals at the IAPS Tournament with the Under 12 girls coming 3rd overall in the IAPS cross-country Championship. The East of Scotland Junior Archery Championship was won by Duncan Yellowlees.

The music and drama departments excelled themselves with productions of Trolls and Bugsy Malone being hailed by both audiences and participants alike.

The school is keen to maintain a strong boarding element and it was pleasing to see increasing numbers of children opting to board either as weekly or occasional boarders.

The past year has seen the school continue the programme of upgrades and refurbishment of both property and fabric for the benefit of parents, pupils and staff. We also continue to move forward academically as borne out by this year's excellent results.

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

REPORT OF THE GOVERNORS (continued)

Reserves Policy

The School continues to meet its day to day working capital requirements by means of a bank overdraft, and growth in the School is now producing a modest surplus on general fund, which is helping to achieve the objective of reducing the bank overdraft and build reserves to a level appropriate to meet current needs for the efficient financial management of the Schools activities, as well as funding ongoing capital improvement.

Governors

The Board of Governors determine the general policy of the School. The day to day management of the School is delegated to the Headmaster and the School Treasurer.

The present membership of the Board is set out below. All Governors served throughout the year except as stated below.

During the year Lord Sanderson of Bowden, D.M.S. Spawforth, P.M.A Hardie, D.M. Whalley and L.C. Onslow retired. D. Sturrock and I. Wilson retire by rotation at the A.G.M. and, being eligible, offer themselves for re-election as does D. Younger (appointed 27.02.04). A special resolution is being prepared to allow re-election of G.T.G Baird.

G.T.G. Baird
The Hon. Lord Abernethy
D. Younger (appointed 27.02.04)

I. Wilson
L.A.C. Ashby
D. Sturrock

V. Dobie
G.N. Farr

The company has no share capital and therefore no Governor holds any shares but each, as a member, has guaranteed to pay a sum of £1 if called upon.

Governors are elected in accordance with the terms set out in the Articles of Association. Governors are elected for a three year term for a maximum of four terms.

Governor's Responsibilities for the Financial Statements

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charitable company during the year and of the financial position at the end of the year. In preparing those financial statements, the Governors should follow best practice and:

- 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 accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Fixed Assets

The Governors are of the opinion that, in aggregate, the market value of land and building is no less than the book value of the assets.

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

REPORT OF THE GOVERNORS (continued)

Risk Management

The Board continues to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time, and to monitor steps which can be taken by which those risks already identified by the Govenors can best be mitigated.

Auditors

Douglas Home & Co. offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

Neil W. Miller 20/10/04

Neil W. Miller
Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ST. MARY'S SCHOOL (MELROSE) LIMITED

We have audited the financial statements of St Mary's School (Melrose) Limited for the year ended 31st July 2004 on pages 5 to 13. These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Charities issued October 2000, under the historical cost convention and the accounting policies set out on pages 7 and 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Governors and Auditors

As described on page 3 the company's Governors, who also act as Trustees for the company's charitable activities, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with 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 Report of the Governors 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 Governors remuneration and transactions with the company is not disclosed.

We read the Report of the Governors and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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 mis-statement, 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 charitable company's affairs at 31st July 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Douglas Home & Co

Douglas Home & Co.,
Registered Auditors and Chartered Accountants,
47-49, The Square,
Kelso,
Roxburghshire,
TD5 7HW.

22 October 2004

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the Income and Expenditure Account)
For the year ended 31st July, 2004

| | Note | Unrestricted Fund £ | Restricted Funds £ | Total 2004 £ | Total 2003 £ |
|---------------------------------------------------------|------|---------------------------|--------------------------|--------------------|--------------------|
| Incoming Resources | | | | | |
| Donations and Bequests | | 1,210 | 100 | 1,310 | 1,160 |
| Activities in furtherance of the charity's objects: | | | | | |
| Class and Boarding Fees | | 967,830 | (3,000) | 964,830 | 788,558 |
| Enrolment Registration Fees | | 800 | - | 800 | 1,050 |
| Kindergarten Fees | | 54,735 | - | 54,735 | 52,903 |
| Sundry Receipts | | 11,660 | - | 11,660 | 3,557 |
| Net Fundraising | | 830 | - | 830 | 692 |
| Activities for generating funds: Appeal Income | | - | 8,902 | 8,902 | 44,538 |
| Investment Income | | - | 24 | 24 | 24 |
| Net Gain on Disposal of Tangible Fixed Assets | | 1,975 | (1,350) | 625 | - |
| Total Incoming Resources | | 1,039,040 | 4,676 | 1,043,716 | 892,482 |
| Resources Expended | | | | | |
| Costs of generating funds: | | | | | |
| Appeal Costs | | - | - | - | 8,046 |
| Finance Costs | | 8,461 | 12 | 8,473 | 9,450 |
| Charitable Expenditure: | | | | | |
| Costs of activities in furtherance of charity's objects | | 867,800 | 14,933 | 882,733 | 719,287 |
| Support Costs | | 55,467 | 875 | 56,342 | 52,701 |
| Management and Administration | | 4,850 | - | 4,850 | 4,791 |
| Total Resources Expended | 1 | 936,578 | 15,820 | 952,398 | 794,275 |
| Net Incoming/(Outgoing) Resources before transfers | | 102,462 | (11,144) | 91,318 | 98,207 |
| Transfers between Funds | | 6,237 | (6,237) | - | - |
| Net Incoming/(Outgoing) Resources | | 108,699 | (17,381) | 91,318 | 98,207 |
| (Losses)/Gains on Investments | | - | 191 | 191 | 92 |
| Net Movement in Funds | | 108,699 | (17,190) | 91,509 | 98,299 |
| Fund Balances Brought Forward | | 586,660 | 174,807 | 761,467 | 663,168 |
| Fund Balances Carried Forward | 9 | 695,359 | 157,617 | 852,976 | 761,467 |

The accompanying accounting policies and notes form an integral part of these financial statements.

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

BALANCE SHEET
At 31st July, 2004

| | Note | 2004 £ | 2003 £ |
|----------------------------------------------------------------|------|-------------------------|-------------------------|
| Fixed Assets | | | |
| Tangible Assets | 4 | <u>978,768</u> | <u>915,154</u> |
| Current Assets | | | |
| Stock | | 3,845 | 4,668 |
| Debtors | 5 | 12,510 | 8,903 |
| Investments | 6 | 3,553 | 3,362 |
| Cash at Bank | | 41,093 | 56,615 |
| | | <u>61,001</u> | <u>73,548</u> |
| Creditors: Amounts Falling Due Within One Year | 7 | (145,202) | (180,554) |
| Net Current Assets/(Liabilities) | | <u>(84,201)</u> | <u>(107,006)</u> |
| Total Assets less Current Liabilities | | 894,567 | 808,148 |
| Creditors: Amounts Falling Due After More than One Year | 8 | (41,591) | (46,681) |
| Total Net Assets | | <u><u>£ 852,976</u></u> | <u><u>£ 761,467</u></u> |
| Reserves: | | | |
| - Unrestricted Funds | | | |
| General Fund | 9 | 695,359 | 586,660 |
| - Restricted Funds | | | |
| Bursary and Prize Fund | 9 | 4,952 | 5,609 |
| Centenary Debenture Sinking Fund | 9 | 4,000 | 6,000 |
| Development Campaign Fund | 9 | 18,246 | 21,802 |
| Redevelopment Appeal Fund | 9 | 107,437 | 106,767 |
| Designated Donations | 9 | 22,982 | 34,629 |
| | | <u><u>£ 852,976</u></u> | <u><u>£ 761,467</u></u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Governors on

Chairman.

Gareth Ford 20.10.04.

The accompanying accounting policies and notes form an integral part of these financial statements.

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of heritable property and investments and in accordance with applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice: Accounting by Charities issued October 2000.

The principal accounting policies are set out below. The policies have remained unchanged from the previous year.

Fees and Meal Charges

Fees and meal charges are the total amount receivable by the company in respect of school fees and outlays and meal charges, and is inclusive of any VAT suffered on outlays. This is net of fee discounts granted which totalled £89,657 this year.

Depreciation

Depreciation is calculated to write down the cost or valuation of tangible fixed assets over their expected useful lives. The rates and methods generally applicable are:

| | |
|--------------------------|----------------------|
| Improvements to Property | 5% straight line |
| Fixtures and Fittings | 10% reducing balance |
| Plant and Equipment | 25% straight line |
| Motor Vehicles | 25% straight line |

The company adopts a policy to maintain its heritable properties to a high standard and the Governors are therefore of the opinion that useful economic lives and residual values are such that any depreciation would not be material.

During the year the Governors have revised the depreciation policy on improvements to property to more accurately reflect useful life. The impact of this change has been to reduce the depreciation charge in this year's accounts by £8,739.

Stock

Stock is stated at the lower of cost and net realisable value.

Contributions to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the teachers superannuation scheme in respect of the accounting period.

PRINCIPAL ACCOUNTING POLICIES (continued)

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Investments

Following the publication of Statement of Recommended Practice "Accounting by Charities" investments are included at market value.

Realised gains or losses arising from disposals of investments and unrealised gains and losses are added or deducted from the appropriate fund.

Expenditure

Expenditure, which is charged on an accruals basis, is allocated between:

- expenditure incurred directly in the fulfilment of the charity's objectives (direct charitable);
- expenditure incurred directly in the effort to raise voluntary contributions (fund-raising and publicity); and
- expenditure incurred in the management and administration of the charity.

Fund Accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2004

1. Resources Expended

The movement in funds is stated after:

| | 2004 £ | 2003 £ |
|------------------------------------------|-------------------|-------------------|
| Auditors' Remuneration | 2,350 | 2,000 |
| Depreciation - Owned Assets | 29,875 | 31,974 |
| - Assets under Hire Purchase Obligations | 10,131 | 5,825 |
| Operating Lease Rentals | 350 | - |
| | <u> </u> | <u> </u> |

Resources Expended

| | | |
|--------------------------|-----------------|-----------------|
| Staff Costs | 679,587 | 560,805 |
| Depreciation | 40,006 | 37,799 |
| Bank Interest | 6,524 | 7,688 |
| Other Resources expended | 226,281 | 187,983 |
| | <u>£952,398</u> | <u>£794,275</u> |

The average number of employees during the year was 31 (2003 - 30).

Further details of resources expended are as follows:

Costs of activities in furtherance of the charity's objects:

| | 2004 £ | 2003 £ |
|-------------------------|------------------|------------------|
| Staff Costs | 647,337 | 529,805 |
| Catering | 37,954 | 31,188 |
| Books & Class Materials | 16,023 | 10,967 |
| Rent, Rates & Insurance | 25,381 | 25,990 |
| Light & Heat | 23,271 | 17,899 |
| Property Repairs | 53,276 | 37,005 |
| Other | 39,485 | 28,634 |
| Depreciation | 40,006 | 37,799 |
| | <u>£ 882,733</u> | <u>£ 719,287</u> |

Support Costs:

| | | |
|----------------------------------|-----------------|-----------------|
| Staff Costs | 32,250 | 31,000 |
| Printing, Stationery & Telephone | 16,873 | 15,548 |
| Marketing | 7,219 | 6,153 |
| | <u>£ 56,342</u> | <u>£ 52,701</u> |

2. Governors' Remuneration

The Governors received no remuneration and no expenses were reimbursed during the year (2003 - nil).

The School purchased insurance to indemnify the Governors which was included as part of the public liability premium.

3. Taxation

The Company has been granted charitable status and is exempt from income tax by virtue of Section 505 of the Income and Corporation Taxes Act 1988, and from capital gains tax by virtue of the Capital Gains Tax Act 1979, Section 145.

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2004

4. Fixed Assets

| | Heritable Land and Buildings £ | Fittings and Furniture £ | Plant and Equipment £ | Motor Vehicles £ | Property Improvements £ | Total £ |
|--------------------------|--------------------------------------|--------------------------------|-----------------------------|------------------------|-------------------------------|------------------|
| Cost or Valuation | | | | | | |
| At 1st August, 2003 | 687,635 | 117,900 | 67,021 | 40,067 | 135,646 | 1,048,269 |
| Additions | - | 12,114 | 16,454 | 21,526 | 54,901 | 104,995 |
| Disposals | - | (2,131) | - | (17,429) | - | (19,560) |
| At 31st July, 2004 | <u>687,635</u> | <u>127,883</u> | <u>83,475</u> | <u>44,164</u> | <u>190,547</u> | <u>1,133,704</u> |
| Depreciation | | | | | | |
| At 1st August, 2003 | - | 44,219 | 51,829 | 26,323 | 10,744 | 133,115 |
| Charge for Year | - | 8,457 | 11,488 | 10,816 | 9,245 | 40,006 |
| Disposals | - | (756) | - | (17,429) | - | (18,185) |
| At 31st July, 2004 | <u>-</u> | <u>51,920</u> | <u>63,317</u> | <u>19,710</u> | <u>19,989</u> | <u>154,936</u> |
| Net Book Value | | | | | | |
| At 31st July, 2004 | <u>687,635</u> | <u>75,963</u> | <u>20,158</u> | <u>24,454</u> | <u>170,558</u> | <u>978,768</u> |
| At 31st July, 2003 | <u>687,635</u> | <u>73,681</u> | <u>15,192</u> | <u>13,744</u> | <u>124,902</u> | <u>915,154</u> |

The figures stated above for cost or valuation include a valuation as follows:

| | Heritable Land and Buildings | |
|-------------------|-----------------------------------------|-------------------|
| | 2004 £ | 2003 £ |
| At Cost | 290,635 | 290,635 |
| At 1991 Valuation | 397,000 | 397,000 |
| | <u>£ 687,635</u> | <u>£ 687,635</u> |

The heritable land and buildings were valued on 31st July, 1991 by Lorne Brown Associates, Chartered Surveyors, on an open market basis. The charity adopted the transitional provisions of Financial Reporting Standard 15 and this valuation has not therefore been updated.

Included in the fixed assets above are assets held under hire purchase contracts as follows:

| Class of Asset | Net Book Value | | Depreciation Charge for Year | |
|-------------------------------|-----------------------|-------------------|-----------------------------------------|-------------------|
| | 2004 £ | 2003 £ | 2004 £ | 2003 £ |
| Plant and Machinery | - | 2,150 | - | 1,076 |
| Motor Vehicles | <u>24,455</u> | <u>13,059</u> | <u>10,131</u> | <u>4,749</u> |
| Capital Commitments | | | 2004 £ | 2003 £ |
| Contracted for - general fund | | | - | 49,248 |
| restricted fund | | | <u>-</u> | <u>-</u> |
| | | | <u>-</u> | <u>49,248</u> |

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2004

| 5. Debtors | 2004 | 2003 |
|-------------------|---------------|--------------|
| | £ | £ |
| Trade Debtors | 9,702 | 7,299 |
| Other Debtors | 300 | 404 |
| Prepayments | 2,508 | 1,200 |
| | <u>12,510</u> | <u>8,903</u> |

6. Current Asset Investments

Investments form part of the Bursary and Prize Funds (see note 9).

| | 2004 | 2003 |
|----------------------------------------------------------|----------------|----------------|
| | £ | £ |
| Listed U.K. Investments: | | |
| Market Value at 1st August, 2003 | 3,362 | 3,270 |
| Disposals at Opening Market Value | - | - |
| Purchases at cost | - | - |
| Add net (Loss)/Gain on Revaluation at 31st July, 2004 | 191 | 92 |
| | <u>£ 3,553</u> | <u>£ 3,362</u> |
| Total Market Value at 31st July, 2004 | <u>£ 3,553</u> | <u>£ 3,362</u> |
| Historical Cost of Listed Investments at 31st July, 2003 | <u>£ 3,009</u> | <u>£ 3,009</u> |

7. Creditors: Amounts Falling Due Within One Year

| | 2004 | 2003 |
|---------------------------------|------------------|------------------|
| | £ | £ |
| Bank Loan | 10,100 | 10,100 |
| Bank Overdraft | 88,914 | 138,539 |
| Debentures | 2,000 | 2,000 |
| Hire Purchase Creditor | 8,858 | 5,310 |
| Other Taxes and Social Security | 14,075 | 12,383 |
| Accruals and Deferred Income | 21,130 | 12,097 |
| Loan - Deposited Covenant | 125 | 125 |
| | <u>£ 145,202</u> | <u>£ 180,554</u> |

The bank overdraft is secured by a standard security over the school buildings and land and by a bond and floating charge over all of the company's assets. The H.P. creditor is secured on the assets to which it relates.

8. Creditors: Amounts Falling Due After More than One Year

| | 2004 | 2003 |
|---------------------------|-----------------|-----------------|
| | £ | £ |
| Bank Loan | 25,108 | 34,391 |
| Debenture Loans | 1,000 | 1,000 |
| Centenary Debenture Loans | 2,000 | 4,000 |
| Hire Purchase | 13,483 | 7,290 |
| | <u>£ 41,591</u> | <u>£ 46,681</u> |

The bank loan is repayable within five years.

Debentures bear interest at 2.5% per annum, and are repayable only at the option of the School.

Centenary debentures bear interest at 5% per annum, and are repayable by agreement at the rate of £2,000 per annum.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2004

9. Funds

| | Restricted | | | | | Unrestricted | Total £ |
|--------------------------------------------|---------------------------|------------------------------|---------------------------------------------|------------------------------|------------------------------------------------|----------------------|------------------|
| | Bursary and Prize £ | Development Campaign £ | Centenary Debenture Sinking Fund £ | Designated Donations £ | Bursary & Redevelopment Appeal Fund £ | General Fund £ | |
| At 1st August, 2003 | 5,609 | 21,802 | 6,000 | 34,629 | 106,767 | 586,660 | 761,467 |
| Net Incoming/Outgoing Resources | (848) | (3,556) | (2,000) | (11,647) | 670 | 108,699 | 91,318 |
| Unrealised (Losses)/Gain on Investments | 191 | - | - | - | - | - | 191 |
| At 31st July, 2004 | <u>£ 4,952</u> | <u>£ 18,246</u> | <u>£ 4,000</u> | <u>£ 22,982</u> | <u>£ 107,437</u> | <u>£ 695,359</u> | <u>£ 852,976</u> |

With the exception of the general fund, distributions from the above funds are restricted to specified purposes only.

Unrealised gains of £168,817 (2002 - £168,817) for tangible fixed assets are included in the General Fund above.

The Bursary and Prize Fund represents investments held, the income on which goes towards prizes during the academic year.

The Development Campaign Fund was set up in 1995 to raise funds towards the provision of new and enhanced school facilities for the use of its pupils and the surrounding community. Distributions from this fund are restricted to projects within the School's Development Plan. This fund is now fully expended on capital expenditure.

The Centenary Debenture Sinking Fund represents amounts set aside to enable the repayment of the debentures which are repayable by agreement at the rate of £2,000 per annum.

Designated Donations are donations received for a specific purpose, either to meet revenue expenditure or provide fixed assets for use by the School. These funds have largely been expended on the items specified by the donor.

The Bursary and Redevelopment Appeal was further promoted during the year to raise funds for sponsorship of pupils qualifying for support and development of the school, in particular, the formation of a new Kindergarten classroom, changing room upgrading and further improvement work within the School.

10. Analysis of Net Assets Between Funds

| | Tangible Fixed Assets £ | Net Current Liabilities £ | Long Term Liabilities £ | Total £ |
|----------------------------------|----------------------------------|------------------------------------|----------------------------------|------------------|
| Restricted Funds | | | | |
| Bursary and Prize Fund | - | 4,952 | - | 4,952 |
| Development Campaign Fund | 17,254 | 992 | - | 18,246 |
| Centenary Debenture Sinking Fund | - | 4,000 | - | 4,000 |
| Designated Donations | 20,134 | 2,848 | - | 22,982 |
| Redevelopment Appeal Fund | 68,927 | 38,510 | - | 107,437 |
| | <u>106,315</u> | <u>51,302</u> | <u>-</u> | <u>157,617</u> |
| Unrestricted Funds | 872,453 | (135,503) | (41,591) | 695,359 |
| | <u>£ 978,768</u> | <u>£ (84,201)</u> | <u>£ (41,591)</u> | <u>£ 852,976</u> |

ST. MARY'S SCHOOL (MELROSE) LIMITED
A Charitable Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2004

11. Pensions

Certain academic staff are members of the Scottish Teachers Superannuation Scheme. Staff contribute 6% of salary and the participating employer's contribution was 7.40% which rose to 12.5% from October 2003. The charge included in the financial statements amounts to £39,452, being the contributions payable by the School for the year. (2003 - £20,301).

12. Leasing Commitments

Annual payments under operating leases are due in respect of leases which expire:

| | 2004 £ | 2003 £ |
|----------------------------|-----------|-----------|
| Between two and five years | 2,538 | 862 |

13. Transactions with Governors

Six Governors had children in attendance at the School during the year (2003 six Governors). All were charged at full rates.

During the year legal work was carried out by Turnbull, Simson & Sturrock WS, a legal practice in which D P Sturrock is a partner, amounting to £1,085.

14. Financial Commitments

At the year-end, the school had a financial commitment for the removal of asbestos from the buildings with an expected total cost of £13,500.