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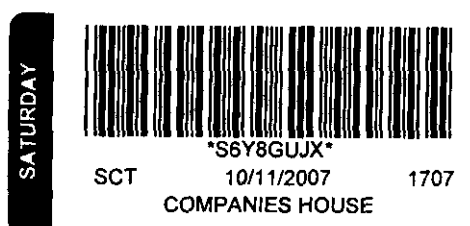
**ST. MARY'S SCHOOL, MELROSE**

**A Charitable Company Limited by Guarantee**

**Recognised Charity Number:  
SC 009352**

**FINANCIAL STATEMENTS**

**For the year ended 31st July 2007**



**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**FINANCIAL STATEMENTS**  
**for the year ended 31st July 2007**

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**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**FINANCIAL STATEMENTS**  
**for the year ended 31st July 2007**

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 Right Hon Lord Abernethy (Vice chairman) L A C Ashby D Sturrock I Wilson G N Farr Dr D Younger J M Bruce C D Grant E L Woods
Secretary	E Swinton
Auditors	Douglas Home & Co Ltd 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

**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**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, 2007

St Mary's School, Melrose is a charitable company founded in 1945 with the liability of its members limited to £1 each by guarantee

**STRUCTURE, GOVERNANCE & MANAGEMENT**

**Governing Document**

The school is governed by its Memorandum and Articles of Association, last amended 2005

**Governing Body**

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

C Grant, E L Woods and Mr G T G Baird retire by rotation at the A G M and, being eligible, offer themselves for re election

G T G Baird	I Wilson	C D Grant
The Right Hon Lord Abernethy	L A C Ashby	G N Farr
Dr D Younger	D Sturrock	J Scott (resigned 17 05 07)
J M Bruce	E L Woods	

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 twenty years.

**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.

**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 Governors can best be mitigated.

**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**REPORT OF THE GOVERNORS (continued)**

**OBJECTS, AIMS, OBJECTIVES & PRINCIPAL ACTIVITIES**

**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

**FINANCIAL REVIEW & RESULTS**

**Review of Activities and Financial Position**

A surplus of £161,160 was achieved and transferred to relevant funds (£67,015 general, £94,145 restricted) This is a reduction in the general fund surplus compared to last year which showed an exceptional result of £154,389 due to the timing of an increase in pupil numbers with the increased cost base not being reflected until this year. Class and boarding fees amounted to £1,319,546 after discounts of £132,333 (2006 £1,187,713 after discounts of £96,866 ) The number of pupils benefitting from different types of discount were as follows. Staff – 9 pupils, Family discounts – 41 pupils and H M discretionary discounts – 18 pupils.

Major costs incurred during the financial year included

	£
Costs in relation to the new building to 31 <sup>st</sup> July 2007	184,873
Hire of portakabins and associated costs in relation to the new build project	10,728
Refurbishment of girls showers, bathroom and other general maintenance	26,367
Repairs and re painting of windows and external woodworks at Pre Prep and Kindergarten	7,934
Hut for storage of sports equipment and repairs to the cricket pavilion roof and the tennis courts	10,323
Computer net working, new computers and accessories	19,952
Complete new web site	7,080
New carpets and floor coverings	5,934
Classroom blinds	1,065
Costs in relation to relocating the Bursar's office and SPLD classroom	2,017
New mattresses for boarding dormitories	2,580
New washing machine and kitchen mixer	3,562
New lawn mower for grounds	940
<b>Total expenditure</b>	<b><u>283,355</u></b>

During the year an inspection by the Care Commission took place and this achieved an excellent result once again

Academically Form 8 were awarded a grand total of 9 scholarships or other awards to their senior schools including the top academic scholarship to Ampleforth College in York, which was awarded to Charlotte Toms Williamson In addition to this the 13+ Common Entrance results bear out the fact that our academic structure in the senior school supported by a curriculum in the middle school years is supporting all pupils academically as well as encouraging excellence in each area of the curriculum

The academic year 2006 7 was once again extremely successful for the school in all areas Our pupils did extremely well in sport with many representative honours being won and a very high proportion of the children in the prep school representing the school at sport on a regular basis

The growth of the pupil numbers has continued throughout the year with the session 2007/8 due to see 160 pupils arrive at the school, this rising from a figure of 149 at the commencement of the academic year 2006 7 This strength of numbers allows us to proceed with the plans which are now in action in respect of development of the school with great confidence

**ST. MARY'S SCHOOL, MELROSE**  
**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 facility and growth in the school is now producing a surplus on the general fund which is helping to achieve the objectives we have in developing the school

**Future Plans**

At the outset of the coming year our major task remains the work in respect of the replacement of our Science and Art block with a completely new building comprising 5 classrooms. This does represent a substantial commitment for the school and an appeal has been launched to assist in funding the project.

Development of the school will continue to be a work in progress and under consideration at this moment in time is the extension of the school dining room which is becoming something of a necessity and various elements of refurbishment which are always going to be an ongoing requirement.

**AUDITORS**

**Statement as to Disclosure of Information to Auditors**

So far as the Governors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each Governor has taken all steps that he or she ought to have taken as a Governor in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

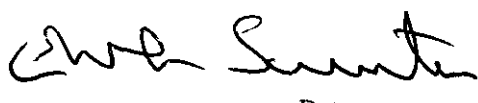
**Auditors**

Douglas Home & Co Ltd 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**

Secretary  Date 2/11/07

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF ST MARY'S SCHOOL, MELROSE**

This report is issued in respect of an audit carried out under section 235 of the Companies Act 1985 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005

We have audited the financial statements of St Mary's School, Melrose for the year ended 31<sup>st</sup> July 2007 on pages 5 to 13. These financial statements have been prepared in accordance with 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, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the company's members and the charity's trustees 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 1 the company's Governors, who also act as Trustees for the company's charitable activities and who are directors of the charity for the purposes of company law, 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 International Standards on Auditing (UK and Ireland).

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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the Report of the Governors is 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 misstatements within it.

### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs at 31st July 2007 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

In our opinion the information given in the report of the Governors is consistent with the financial statements.

*Douglas Home & Co Ltd*

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

Date *6 November 2007*

**ST MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating the Income and Expenditure Account)**  
**For the year ended 31st July, 2007**

	Note	Unrestricted Fund £	Restricted Funds £	New Building Fund £	Total 2007 £	Total 2006 £
<b>INCOMING RESOURCES</b>						
<b>Incoming Resources from Charitable Activities</b>						
School Fees receivable (after discounts of £132,333)		1,319,546			1,319,546	1,187,713
Kindergarten Fees		63,711			63,711	84,662
Registration Fees		1,800			1,800	700
Sundry Receipts		7,551			7,551	7,211
<b>Incoming Resources from Generated Funds</b>						
Grants & Donations		3,120	925	103,140	107,185	10,587
Activities for generating funds						
Fundraising				218	218	
Investment Income		5,671	2,406	561	8,638	4,079
<b>Other Incoming Resources</b>						12
<b>Total Incoming Resources</b>		<u>1,401,399</u>	<u>3,331</u>	<u>103,919</u>	<u>1,508,649</u>	<u>1,294,964</u>
<b>RESOURCES EXPENDED</b>						
<b>Charitable Activities</b>						
School Operating Costs		1,321,830	6,386	6,912	1,335,128	1,127,654
<b>Costs of Generating Funds</b>						
School Financing Costs		3,887	8	2,500	6,395	4,354
<b>Governance Costs</b>		<u>5,966</u>			<u>5,966</u>	<u>5,736</u>
<b>Total Resources Expended</b>	1	<u>1,331,683</u>	<u>6,394</u>	<u>9,412</u>	<u>1,347,489</u>	<u>1,137,744</u>
Net Incoming/(Outgoing) Resources before transfers		69,716	(3,063)	94,507	161,160	157,220
Transfers between Funds		(97,615)	4,158	93,457		
Net Incoming/(Outgoing) Resources		<u>(27,899)</u>	<u>1,095</u>	<u>187,964</u>	<u>161,160</u>	<u>157,220</u>
(Losses)/Gains on Investments			4,303		4,303	4,290
Net Movement in Funds		<u>(27,899)</u>	<u>5,398</u>	<u>187,964</u>	<u>165,463</u>	<u>161,510</u>
Fund Balances Brought Forward		1,027,727	57,135		1,084,862	923,352
<b>Fund Balances Carried Forward</b>	9	<u>999,828</u>	<u>62,533</u>	<u>187,964</u>	<u>1,250,325</u>	<u>1,084,862</u>



**ST MARY'S SCHOOL, MELROSE**  
A Charitable Company Limited by Guarantee

**BALANCE SHEET**  
At 31st July, 2007

	Note	2007 £	2006 £
<b>Fixed Assets</b>			
Tangible Assets	4	<u>1,152,183</u>	<u>983,798</u>
<b>Current Assets</b>			
Stock		598	2,295
Debtors	5	19,728	21,326
Investments	6	58,657	50,389
Cash at Bank		225,110	143,580
		<u>304,093</u>	<u>217,590</u>
<b>Creditors: Amounts Falling Due Within One Year</b>	7	(205,951)	(107,682)
<b>Net Current Assets/(Liabilities)</b>		<u>98,142</u>	<u>109,908</u>
<b>Total Assets less Current Liabilities</b>		1,250,325	1,093,706
<b>Creditors: Amounts Falling Due After More than One Year</b>	8		(8,844)
<b>Total Net Assets</b>		<u><u>£ 1,250,325</u></u>	<u><u>£ 1,084,862</u></u>
<b>Reserves:</b>			
<b>Unrestricted Funds</b>			
General Fund	10	999,828	1,027,727
<b>Restricted Funds</b>			
Bursary and Prize Fund	10	6,537	6,124
Development Campaign Fund	10		992
Bursary & Redevelopment Appeal Fund	10	55,996	49,009
Designated Donations	10		1,010
New Building Appeal Fund	10	187,964	
		<u><u>£ 1,250,325</u></u>	<u><u>£ 1,084,862</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 2 November 2007 and signed on its behalf by

Chairman *Gareth Beard . 2/11/07.*

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

**ST. MARY'S SCHOOL, MELROSE**  
**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 March 2005

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 £132,333 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.

**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.

**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**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. Once the fund has been expended on capital items a transfer is made to general fund.

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

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31st July, 2007

1. Resources Expended

The movement in funds is stated after	2007 £	2006 £
Auditors' Remuneration	3,466	3,236
Depreciation Owned Assets	40,481	37,095
Assets under Hire Purchase Obligations	10,130	10,130
Operating Lease Rentals	2,325	2,026

Resources Expended

Staff Costs	918,493	801,196
Depreciation	50,611	47,229
Bank Interest	5,132	2,888
Other Resources expended	373,253	286,431
	<u>1,347,489</u>	<u>£1,137,744</u>

The average number of employees during the year was 35 (2006 33)

Further details of resources expended are as follows

<b>Charitable Activities</b>	2007	2006
School Operating Costs	£	£
Staff Costs	880,493	764,196
Catering	53,442	49,288
Books & Class Materials	20,409	15,119
Rent, Rates & Insurance	34,534	31,915
Light, Heat & Water	38,722	31,325
Property Repairs (incl New Building Fund £6,912)	95,302	69,262
Other (incl Prize Fund £6,386)	84,320	55,159
Depreciation	50,611	47,229
<b>Support Costs</b>		
Staff Costs	35,500	34,500
Printing, Stationery & Telephone	19,944	19,511
Marketing	21,851	10,150
	<u>£ 1,335,128</u>	<u>£ 1,127,654</u>

Costs of Generating Funds

School Financing Costs		
Bank Interest & Charges	1,840	1,389
Bank Loan Interest & Charges (incl New Building Fund £2,500)	3,292	1,499
Debentures		100
Hire Purchase	1,263	1,366
	<u>£ 6,395</u>	<u>£ 4,354</u>

Governance Costs

Audit & Accountancy	3,466	3,236
Staff Costs	2,500	2,500
	<u>£ 5,966</u>	<u>£ 5,736</u>

2. Governors' Remuneration

The Governors received no remuneration and no expenses were reimbursed during the year (2005 nil)

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

**ST. MARY'S SCHOOL, MELROSE**  
A Charitable Company Limited by Guarantee

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31st July, 2007

**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

**4 Fixed Assets**

	Heritable Land and Buildings £	Fittings and Furniture £	Plant and Equipment £	Motor Vehicles £	Property Improvements £	Assets in Course of Construction School Building	Total £
<b>Cost or Valuation</b>							
At 1st August 2006	687,635	164,803	107,339	40,521	190,789		1,191,087
Additions		7,745	24,779			186,471	218,995
Disposals							
At 31st July 2007	<u>687,635</u>	<u>172,548</u>	<u>132,118</u>	<u>40,521</u>	<u>190,789</u>	<u>186,471</u>	<u>1,410,082</u>
<b>Depreciation</b>							
At 1st August 2006		71,213	73,499	24,059	38,518		207,289
Charge for Year		10,139	21,060	10,130	9,281		50,610
Disposals							
At 31st July 2007		<u>81,352</u>	<u>94,559</u>	<u>34,189</u>	<u>47,799</u>		<u>257,899</u>
<b>Net Book Value</b>							
At 31st July 2007	<u>687,635</u>	<u>91,196</u>	<u>37,559</u>	<u>6,332</u>	<u>142,990</u>	<u>186,471</u>	<u>1,152,183</u>
At 31st July 2006	<u>687,635</u>	<u>93,590</u>	<u>33,840</u>	<u>16,462</u>	<u>152,271</u>		<u>983,798</u>

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

	<b>Heritable Land and Buildings</b>	
	<b>2007 £</b>	<b>2006 £</b>
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.

School Buildings are an asset under construction with a cost and net book value of £186,471. The balance of amounts payable for these items are included as capital commitments (note 9).

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

	<b>Net Book Value</b>		<b>Depreciation Charge for Year</b>	
	<b>2007 £</b>	<b>2006 £</b>	<b>2007 £</b>	<b>2006 £</b>
Class of Asset				
Motor Vehicles	<u>6,332</u>	<u>16,462</u>	<u>10,130</u>	<u>10,130</u>

**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 2007**

<b>5. Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade Debtors	12,731	10,725
Prepayments	6,997	10,601
	<u>19,728</u>	<u>21,326</u>

**6. Current Asset Investments**

Investments form part of the Bursary and Prize Funds and Bursary & Redevelopment Appeal Fund

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Listed U K Investments		
Market Value at 1st August 2006	50389	42,171
Purchases at cost	3965	3,928
Add net (Loss)/Gain on Revaluation at 31st July 2007	4303	4,290
	<u>£ 58,657</u>	<u>£ 50,389</u>
Total Market Value at 31st July 2007	<u>£ 58,657</u>	<u>£ 50,389</u>
Historical Cost of Listed Investments at 31st July 2007	<u>£ 47,948</u>	<u>£ 43,983</u>

**7. Creditors: Amounts Falling Due Within One Year**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank Loan	4,203	10,100
Bank Overdraft	14,566	
Trade Creditors	114,375	6,624
Hire Purchase Creditor	4,013	8,816
Other Taxes and Social Security	19,814	17,012
Accruals and Deferred Income	48,980	65,130
	<u>£ 205,951</u>	<u>£ 107,682</u>

The bank loan and any 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**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank Loan		5,159
Hire Purchase		3,685
	<u>£</u>	<u>£ 8,844</u>

The bank loan is repayable within five years.

**9. Capital Commitments**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Contracted but not provided for in the financial statements	<u>674,036</u>	<u></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 2007**

**10 Funds**

	Restricted					Unrestricted	Total £
	Bursary and Prize £	Development Campaign £	Designated Donations £	Bursary & Redevelopment Appeal Fund £	New Building Appeal Fund £	General Fund £	
At 1st August, 2006	6,124	992	1,010	49,009		1,027,727	1,084,862
Net Incoming/Outgoing Resources	(10)	(992)	(1,010)	3,107	187,964	(27,899)	161,160
Unrealised (Losses)/Gain on Investments	423			3,880			4,303
At 31st July, 2007	<u>£ 6,537</u>	<u>£</u>	<u>£</u>	<u>£ 55,996</u>	<u>£ 187,964</u>	<u>£ 999,828</u>	<u>£ 1,250,325</u>

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

Unrealised gains of £168,817 (2006 £168,817) for tangible fixed assets are included in the General Fund above

The Bursary and Prize Fund represents cash & 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 was almost fully expended in prior years and the remaining balance of £992 was transferred this year to the New Building Appeal Fund

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 been expended on the items specified by the donor, and transferred to general funds where items are of a capital nature

The Bursary and Redevelopment Appeal was further promoted during the year to raise funds for sponsorship of pupils qualifying for support, the redevelopment works being complete. The balance on the fund at the year end comprises investments (£53,510) and cash at bank (£2,486)

The New Building Appeal Fund was set up to raise funds towards the cost of constructing a new classroom block. The balance of the fund at the year end comprises fixed assets £186,471, cash at bank of £105,205 and creditors of £103,712

**11 Analysis of Net Assets Between Funds**

	Tangible Fixed Assets £	Net Current Liabilities £	Long Term Liabilities £	Total £
<b>Restricted Funds</b>				
Bursary and Prize Fund		6,537		6,537
Development Campaign Fund				
Designated Donations				
Redevelopment Appeal Fund		55,996		55,996
New Building Appeal Fund	186,471	1,493		187,964
	<u>186,471</u>	<u>64,026</u>		<u>250,497</u>
<b>Unrestricted Funds</b>	965,712	34,116		999,828
	<u>£ 1,152,183</u>	<u>£ 98,142</u>		<u>£ 1,250,325</u>

**ST. MARY'S SCHOOL, MELROSE**  
**A Charitable Company Limited by Guarantee**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 2007**

**11. Pensions**

The Charity participates in a multi employer defined benefits scheme, Scottish Teachers Superannuation Scheme, for its teaching staff. As a result it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the Charity.

Staff contribute 6.4% of salary and the participating employer's contribution was 13.5%.

The charge included in the financial statements amounts to £62,860, being the contributions payable by the School for the year (2006: £49,190).

Contributions payable are advised annually and are affected by scheme valuations.

**12. Leasing Commitments**

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

	2007 £	2006 £
Between two and five years		1,676
Over five years	650	650
	<u>650</u>	<u>2,326</u>

**13. Transactions with Governors**

Four Governors had children in attendance at the School during the year (2006: four Governors). All were charged at full rates.