

Cos House
23577

ST. MARY'S SCHOOL (MELROSE) LIMITED

A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS

For the year ended 31st July 2001



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

FINANCIAL STATEMENTS
for the year ended 31st July, 2001

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

FINANCIAL STATEMENTS
for the year ended 31st July, 2001

Company Registration Number: SC 23577

Recognised Charity Number: SC 009352

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

Governors: Lord Sanderson of Bowden (Chairman)
D.M.S. Spawforth (Vice-Chairman)
The Hon. Lord Abernethy
L.A.C. Ashby
G.T.G. Baird
P.M.A. Hardie
D.M. Whalley
L.C. Onslow
D. Sturrock
V. Dobie
I. Wilson

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, 2001.

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 £6,324 was achieved and transferred to the relevant funds. The School continues to meet its day to day working capital requirements by means of a bank overdraft.

In January 2001, an inspection was carried out by HMI relative to school boarding facilities. Whilst a generally favourable report was given, it was recommended that we should review certain procedures and upgrade certain areas of the fabric of the school. *Whilst a good proportion of the recommendations have already been attended to, our main challenge relates to the upgrading of both boys' and girls' changing room areas.* An Appeal has been launched to raise funds towards the not inconsiderable costs of upgrading both changing room areas.

Academically, the school enjoyed another strong year in terms of our Scholarship, Common Entrance and other entrance exams with results ensuring all candidates were offered places in their first choice schools. Charlotte Yonge was awarded the top academic scholarship to Fettes College, also receiving a special award for Classics.

In sport, the girls' hockey team lost only one match all season and had more players selected for the West of Scotland Prep Schools Side than any other school. In Rugby, we have now appointed a senior rugby coach for next term. In the IAPS Athletics Championships, 8 placed athletes was achieved from a field of over 80 from all over Scotland. The Border Primary Schools' Chess Championship was won by our team, Ben Rickett winning the individual event.

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.

D.M. Whalley, D. Sturrock and L.C. Onslow retire by rotation at the A.G.M. and, being eligible, offer themselves for re-election. V. Dobie and I. Wilson who were appointed during the year, offer themselves for re-election.

Lord Sanderson of Bowden (Chairman)	The Hon. Lord Abernethy	L.A.C. Ashby
D.M.S. Spawforth (Vice-Chairman)	A.S. Grant (resigned 1 December 2000)	P.M.A. Hardie
G.T.G. Baird	R.G. Swan (resigned 1 December 2000)	D.M. Whalley
E.J.S. Hogg (resigned 1 December 2000)	L.C. Onslow	V. Dobie (appointed 15 June 2001)
	D. Sturrock	I. Wilson (appointed 15 March 2001)

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.

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

REPORT OF THE GOVERNORS (continued)

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.

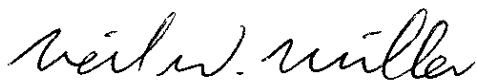
Auditors

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
Secretary.

19/10/01

**REPORT OF THE AUDITORS TO THE MEMBERS OF
ST. MARY'S SCHOOL (MELROSE) LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Governors and Auditors

As described on page 2 the company's Governors, who also act as Trustees for the company's charitable activities, 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 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 2001 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.

30 October 2001

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, 2001

	Note	Unrestricted Fund £	Restricted Funds £	Total 2001 £	Total 2000 £
Incoming Resources					
Class and Boarding Fees		545,765	-	545,765	464,656
Enrolment Registration Fees		1,650	-	1,650	1,350
Kindergarten Fees		36,170	-	36,170	28,854
Rental Income		2,355	-	2,355	7,605
Donations and Covenants Received		1,615	18,805	20,420	27,973
Investment Income		-	159	159	414
Centenary Events Income		-	-	-	195
Net Gain on Disposal of Tangible Fixed Assets		200	-	200	-
Net Fundraising		178	-	178	232
Total Incoming Resources		587,933	18,964	606,897	531,279
Resources Expended					
Direct Charitable Expenditure		581,337	14,736	596,073	482,229
Management and Administration		4,500	-	4,500	4,500
Total Resources Expended	1	585,837	14,736	600,573	486,729
Net Incoming/(Outgoing) Resources before Transfers being Surplus for Year		2,096	4,228	6,324	44,550
Transfers between Funds		(1,458)	1,458	-	-
Net Incoming/(Outgoing) Resources		638	5,686	6,324	44,550
Unrealised Gains on Investments		-	72	72	39
Net Movement in Funds		638	5,758	6,396	44,589
Fund Balances Brought Forward		470,343	80,594	550,937	506,348
Fund Balances Carried Forward	9	470,981	86,352	557,333	550,937

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, 2001

	Note	2001 £	2000 £
Fixed Assets			
Tangible Assets	4	<u>774,075</u>	<u>756,186</u>
Current Assets			
Stock		5,620	7,010
Debtors	5	7,640	9,101
Investments	6	3,869	3,794
Cash at Bank		16,594	30,407
		<u>33,723</u>	<u>50,312</u>
Creditors: Amounts Falling Due Within One Year	7	(226,798)	(229,224)
Net Current Liabilities		<u>(193,075)</u>	<u>(178,912)</u>
Total Assets less Current Liabilities		581,000	577,274
Creditors: Amounts Falling Due After More than One Year	8	(23,667)	(26,337)
Total Net Assets		<u><u>£ 557,333</u></u>	<u><u>£ 550,937</u></u>
Reserves:			
- Unrestricted Funds			
General Fund	9	470,981	470,343
- Restricted Funds			
Bursary and Prize Fund	9	6,526	6,454
Centenary Debenture Sinking Fund	9	10,500	10,500
Development Campaign Fund	9	28,866	32,057
Designated Donations	9	40,460	31,583
		<u><u>£ 557,333</u></u>	<u><u>£ 550,937</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 19th Oct. 2001

.....
 Lord Sanderson of Bowden,
 Chairman.

19/10/01

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.

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.

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:

Fixtures and Fittings	10% reducing balance
Plant and machinery	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) LIMITED
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 net gains are added to 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, 2001

1. Resources Expended

The movement in funds is stated after:	2001	2000
	£	£
Auditors' Remuneration	2,175	2,350
Depreciation - Owned Assets	18,045	7,469
- Assets under Hire Purchase Obligations	4,910	8,982
Operating Lease Rentals	542	542

Resources Expended

Staff Costs (included in Direct Charitable Expenses £ 407,859)	410,125	314,137
Depreciation	22,955	16,451
Bank Interest	11,439	12,931
Other Resources expended	156,054	143,210
	<u>600,573</u>	<u>486,729</u>

The average number of employees during the year was 24 (2000 - 19).

Included in other resources expended are the following major amounts:

	2001	2000
	£	£
Catering	28,969	20,394
Books & Class Materials	14,148	10,535
Marketing	6,555	10,217
Rent, Rates & Insurance	23,160	16,593
Light & Heat	21,834	17,464
Property Repairs	17,510	30,683
Printing, Stationery & Telephone	13,590	9,938
Other	30,288	27,386
	<u>£ 156,054</u>	<u>£ 143,210</u>

2. Governors' Remuneration

The Governors received no remuneration and no expenses were reimbursed during the year (2000 - nil).

The School purchased insurance to indemnify the Governors. The cost of the indemnity insurance was £177.

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
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2001

4. Fixed Assets

	Heritable Land and Buildings £	Fittings and Furniture £	Plant and Machinery £	Motor Vehicles £	Library £	Total £
Cost or Valuation						
At 1st August, 2000	687,635	57,978	35,447	33,672	-	814,732
Additions	-	24,002	15,112	-	1,730	40,844
Disposals	-	-	(1,900)	-	-	1,900
At 31st July, 2001	<u>687,635</u>	<u>81,980</u>	<u>48,659</u>	<u>33,672</u>	<u>1,730</u>	<u>853,676</u>
Depreciation						
At 1st August, 2000	-	21,627	23,855	13,064	-	58,546
Charge for Year	-	6,084	8,454	8,417	-	22,955
Disposals	-	-	(1,900)	-	-	1,900
At 31st July, 2001	<u>-</u>	<u>27,711</u>	<u>30,409</u>	<u>21,481</u>	<u>-</u>	<u>79,601</u>
Net Book Value						
At 31st July, 2001	<u>687,635</u>	<u>54,269</u>	<u>18,250</u>	<u>12,191</u>	<u>1,730</u>	<u>774,075</u>
At 31st July, 2000	<u>687,635</u>	<u>36,351</u>	<u>11,592</u>	<u>20,608</u>	<u>-</u>	<u>756,186</u>

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

	Heritable Land and Buildings	
	2001 £	2000 £
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 at 31st July, 1991 by Lorne Brown Associates, Chartered Surveyors, on an open market basis. The charity is adopting 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	
	2001 £	2000 £	2001 £	2000 £
Plant and Machinery	850	2,889	850	1,247
Motor Vehicles	<u>5,655</u>	<u>20,608</u>	<u>4,060</u>	<u>7,735</u>

Capital Commitments

At the year end the school had received financing of £4,000 for new cookers which had still to be purchased and work had commenced on conversion of classrooms and accommodation expected to total £15,000 to be met from the development campaign fund.

ST. MARY'S SCHOOL (MELROSE) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2001

5. Debtors	2001	2000
	£	£
Trade Debtors	7,340	7,272
Other Debtors	300	1,829
	<u>7,640</u>	<u>9,101</u>

6. Current Asset Investments

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

	2001	2000
	£	£
Bank and Building Society Deposits	<u>1,379</u>	<u>1,376</u>
Listed U.K. Investments:		
Market Value at 1st August, 2000	2,418	2,379
Add net Gain on Revaluation at 31st July, 2001	72	39
	<u>2,490</u>	<u>2,418</u>
Total Market Value at 31st July, 2001	<u>£ 3,869</u>	<u>£ 3,794</u>
Historical Cost of Listed Investments at 31st July, 2001	<u>£ 1,451</u>	<u>£ 1,451</u>

7. Creditors: Amounts Falling Due Within One Year

	2001	2000
	£	£
Bank Overdraft	193,279	198,199
Hire Purchase Creditor	5,771	7,356
Other Taxes and Social Security	7,145	5,981
Accruals and Deferred Income	20,478	17,563
Loan - Deposited Covenant	125	125
	<u>£ 226,798</u>	<u>£ 229,224</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

	2001	2000
	£	£
Debenture Loans	1,000	1,000
Centenary Debenture Loans	20,000	21,000
Hire Purchase	2,667	4,337
	<u>£ 23,667</u>	<u>£ 26,337</u>

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 between 1st January, 2000 and 31st December, 2002, the date being at the option of the School.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31st July, 2001

9. Funds

	Restricted				Unrestricted	Total
	Bursary and Prize	Development Campaign	Centenary Debenture Sinking Fund	Designated Donations	General Fund	
	£	£	£	£	£	£
At 1st August, 2000	6,454	32,057	10,500	31,583	470,343	550,937
Net Incoming/Outgoing Resources	-	(3,191)	-	7,419	2,096	6,324
Unrealised Gain on Investments	72	-	-	-	-	72
Transfers	-	-	-	1,458	(1,458)	-
At 31st July, 2001	<u>£6,526</u>	<u>£ 28,866</u>	<u>£ 10,500</u>	<u>£ 40,460</u>	<u>£ 470,981</u>	<u>£ 557,333</u>

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

Unrealised gains of £ 168,817 (2000 - £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. During the year funds were utilised towards replacement heating, carpeting, classroom equipment and reception class.

The Centenary Debenture Sinking Fund represents amounts set aside to enable the repayment of the debentures which are repayable between 1st January, 2000 and 31st December, 2002. It is the intention that sufficient amounts will be transferred to this fund before the repayment dates.

Designated Donations are donations received for a specific purpose, either to meet revenue expenditure or provide fixed assets for use by the School. During 2000 money has been received towards computers, library refurbishment and fire safety improvements. The expenditure on library refurbishment had just commenced at the year end.

10. Analysis of Net Assets Between Funds

	Tangible Fixed Assets	Net Current Liabilities	Long Term Liabilities	Total
	£	£	£	£
Restricted Funds				
Bursary and Prize Fund	-	6,526	-	6,526
Development Campaign Fund	13,862	15,004	-	28,866
Centenary Debenture Sinking Fund	-	10,500	-	10,500
Designated Donations	26,845	13,615	-	40,460
	<u>40,707</u>	<u>45,645</u>	<u>-</u>	<u>86,352</u>
Unrestricted Funds	733,368	(238,720)	(23,667)	470,981
	<u>£774,075</u>	<u>£ (193,075)</u>	<u>£ (23,667)</u>	<u>£ 557,333</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, 2001

11. Pensions

Certain academic staff are members of the Scottish Teachers Superannuation Scheme. Staff contribute 6% of salary and the participating employer's contribution is 6.9%. The charge included in the financial statements amounts to £ 14,127, being the contributions payable by the School for the year. (2000 - £10,346).

12. Leasing Commitments

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

	2001	2000
	£	£
Within one year	-	-
Between two and five years	542	542
	<u>542</u>	<u>542</u>

13. Transactions with Governors

Five Governors had children in attendance at the School during the year (2000 six Governors). All were charged at full rates.