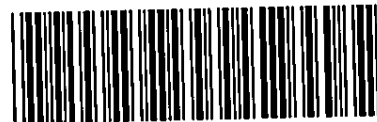


ST. MARY'S SCHOOL, MELROSE
A Charitable Company Limited by Guarantee

Recognised Charity Number:
SC 009352

FINANCIAL STATEMENTS
For the year ended 31st July 2011

TUESDAY



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ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS
for the year ended 31st July 2011

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ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS
for the year ended 31st July 2011

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 Dr D. Younger J.M. Bruce C.D. Grant E.L. Woods J. Robertson C.B. Godfrey-Faussett P. Murray
Secretary:	E. Swinton (Resigned 31/08/11) F. Nicholson (Appointed 17/10/11)
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 (Registered Number: SC 23577)
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, 2011.

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.

The Right Hon. Lord Abernethy, I. Wilson and D. Sturrock retire by rotation at the A.G.M. and, being eligible, The Right Hon. Lord Abernethy and D. Sturrock offer themselves for re-election.

G.T.G. Baird	I. Wilson	C.D. Grant
The Right Hon. Lord Abernethy	L.A.C. Ashby	C.B. Godfrey-Faussett
Dr D. Younger	D. Sturrock	J. Robertson
J.M. Bruce	E.L. Woods	P. Murray

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 2006. 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 buildings 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 (Registered Number: SC 23577)
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 overall surplus of £66,341 was achieved however this included a deficit for the general fund of (£177,587) and a surplus for restricted funds of £243,928. The general deficit arose mainly from the provision for redundancy costs as part of the restructuring with the large surplus on the restricted funds being created by the continued generous donation received during the year for the construction of the new Hamilton Building. Class and boarding fees amounted to £1,282,209 after discounts of £102,389 and bursaries of £84,126 (2010 £1,395,313 after discounts of £125,202 and bursaries of £43,926).

The value of each class of discount was as follows:

	£
Staff	51,336
Sibling	44,753
Historically agreed	<u>6,300</u>
Total discounts 2011	102,389

Bursaries Awarded 2011 84,126

The completion of the Hamilton Building saw Forms 6, 7 and 8 move in to their fabulous new form rooms and senior school subject teachers settle in to their state of the art classrooms. The Office and Administration centre also transferred to the new base neighbouring the new Learning Support room. The new car park and through traffic layout at the back of the main building has served its main purpose of slowing down moving traffic, diverting Kindergarten and Reception pupils and parents down a single lane drop off channel. Through traffic is diverted left and flanked by parked staff cars on the right and a drop off zone and visitors parking on the left. This limits the need for any pupils to be crossing the through traffic lane and the new layout is proving to be a success.

The new classrooms are recognised as the most modern, up to date and state of the art teaching facilities on the prep school circuit in Scotland if not the UK. Press coverage and the arrival of the new headmaster stimulated significant interest and the number of "showrounds" increased markedly.

Throughout the year the School roll fluctuated. In September 2010 there were 119 pupils in the prep and pre-prep. By January the roll had increased to 121 and this number was maintained in the summer term.

Form 8 all passed entry in to their first choice of senior schools with some strong Common Entrance results and with nine of the twelve gaining awards. Three headed for Merchiston, three to Strathallan, two to Glenalmond, one to St George's, Loretto, Ampleforth and Sedburgh.

On an extra-curricular front all pupils in the prep school represented the school in fixtures in all three terms unless they were suffering from long term injury.

Throughout the school year a number of senior pupils were selected for representative teams on the prep school extra curricular circuit reflecting the quality of teaching and coaching within the School as well as the high level of ability of those chosen for representative rugby, hockey, netball and rounders teams.

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

REPORT OF THE GOVERNORS (continued)

An anticipated leave from Form 7 to join S1 in local state schools saw a number of pupils leave for Earlston High School or Galashiels Academy and one for Wells Cathedral School in Somerset. With a leave of 12 from Form 8 and numbers coming through in to Reception looking low a projected roll of 110 for the coming September (2011) seemed likely by the time The Board met in May.

Given an over staffing problem was already an issue The Board decided to act on the budget produced and staff were invited to come forward with any ideas to help resolve any potential financial issues the School stood to face in the coming academic year. Though a significant number of options were given thorough consideration The Board acted by opting for redundancies and after a testing June, July and August agreements were reached with staff concerned.

Part time staff have been recruited to teach Art, Design Technology, Classics, IT and Games. The new Design Technology classroom has been set up and established with help from a kind donation by the FP committee. The room (formerly IT and Music) has taken shape and is proving a popular and very worthwhile resource.

Reserves Policy

The school continues to meet its day to day working capital requirements by means of a bank overdraft facility agreed periodically with the company's bankers. In recent years surpluses allowed the school to start building a cash reserve to assist in meeting objectives in developing the school. The policy remains to strengthen reserves where possible although this is impacted by the challenging economic environment at the present time.

Development of the fabric of the school will continue to be a work in progress and various elements of refurbishment which are always going to be an ongoing requirement are constantly under review.

School Development Plan

The School's "Guiding Principles" still very much underpin the way forward in all-round educational terms though specific focus is now on academic standards and attainment throughout the pre-prep and prep school. A review of schemes of work and assessment throughout the middle and upper parts of the school are underway with a team of expert Governors lending their knowledge to the process.

St Mary's continues to take its pastoral responsibilities very seriously and continually works to improve facilities for all its pupils and in particular the ongoing strengthening of the boarding offering. This continues to be an area of particular focus for Mr Harvey and his wife Marnie

Community Partnerships and Shared Benefit

The School is very much part of the independent school network both north and south of the border. Regular visits to various schools both for staff training purposes or educational and extra-curricular activities allows St. Mary's to maintain close links with other schools in the sector. Equally, visits from independent prep schools and senior schools are common place and enhance the valued links the School has with other independent schools.

St. Mary's has also increased involvement with schools from the state sector. Opportunities are provided for local primary schools to be involved in leadership challenge activities, choir concerts, music lessons and drama productions. Opportunities to link with Melrose Primary School have allowed a developing rapport between pupils and staff from both schools and a sound working relationship has been established between the two heads.

Groups have been offered the use of the school facilities; The Eildon Singers have use of the Morrison Hall on Wednesday evenings for their two hour practice sessions and local tennis coaches have made good use of the courts offered to them free of charge. The Melrose Pipe Band Festival organisers have been invited back to use the school grounds for the annual Pipe Band festival and St. Mary's continue to cement the friendship with our neighbours Melrose RFC in offering them assistance and facilities for their annual 7s tournament as well as overspill car parking and catering opportunities when required. Public events such as this year's very successful Science initiative "Bang Goes The Borders" have opened the School to many who would not ordinarily visit the campus. Many children and their parents benefitted from a very enjoyable and educational day in May when various senior schools, universities and science based businesses provided workshops, demonstrations and talks to engage and enthuse the young people who attended them.

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

REPORT OF THE GOVERNORS (continued)

Bursary allocation is at an all-time high level as the School recognises the need to support existing families and the absolute benefit to others who would not necessarily be able to afford a private prep school education for their children.

Development and Recruitment of Governors

When vacancies arise Governors are very carefully selected on the basis of the benefit that their experience can bring to the Board. The Board will strive to ensure that a wide mix of skills and experience exists within the group. Governors regularly attend training courses and seminars run by bodies such as the Scottish Council of Independent Schools to ensure knowledge within the group is both developed and kept up to date.

As this report is written in September 2011 we find ourselves in trying economic times. The Board of Governors of St Mary's School, Melrose recognise that this will inevitably continue to throw up challenges for the school and its parent body. We are confident that the school is strongly placed to weather this storm and to provide help where it is needed. The school will be governed prudently and wisely to ensure that St Mary's stands strong and ready to embrace the future whatever it holds in store for us all.

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 418 of the Companies Act 2006) 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.

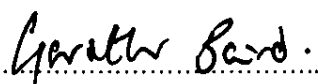
Auditors

Douglas Home & Co Ltd offer themselves for re-appointment as auditors in accordance with Sections 485 to 488 of the Companies Act 2006.

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD

 G. Baird - Trustee

..... 1.12.11 Date

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

We have audited the financial statements of St Mary's School, Melrose for the year ended 31st July 2011 on pages seven to fifteen. The financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 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 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 charity and the charity's trustees 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 the financial statements which give a true and fair view.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under these Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Governors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st July 2011 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577) (Continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Governors Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Douglas Home & Co Ltd

Lesley Mark FCA DChA (Senior Statutory Auditor)

Douglas Home & Co Ltd

Chartered Accountants & Registered Auditors

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

47-49 The Square

Kelso

Roxburghshire

TD5 7HW

Date: *2 December 2011*

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating the Income and Expenditure Account)
For the year ended 31st July, 2011

		----- Restricted Funds -----					
		Unrestricted	Bursary	Hamilton	Farr-Out	Designated	
	Note	Fund	Fund	Building	Challenge	Donation	Total
		£	£	Fund	Fund	Fund	2011
				£	£	£	£
							Total
							2010
							£
INCOMING RESOURCES							
Incoming Resources from Charitable Activities							
School Fees Receivable	2	1,282,209	-	-	-	-	1,282,209
(after discounts and bursaries of £186,515)							1,395,313
Kindergarten Fees		80,478	-	-	-	-	80,478
Registration Fees		1,150	-	-	-	-	1,150
Sundry Receipts		9,896	17	-	-	-	9,913
							11,806
Incoming Resources from Generated Funds							
Grants & Donations		350	300	245,669	-	23,000	269,319
Activities for generating funds:							
Fundraising							-
Investment Income		98	1,954	-	4	-	2,056
							2,018
Other Incoming Resources		<u>2,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,251</u>
Total Incoming Resources		<u>1,376,432</u>	<u>2,271</u>	<u>245,669</u>	<u>4</u>	<u>23,000</u>	<u>1,647,376</u>
							<u>2,766,039</u>
RESOURCES EXPENDED							
Charitable Activities							
School Operating Costs		1,521,335	-	26,214	798	-	1,548,347
							1,459,523
Costs of Generating Funds							
School Financing Costs		24,883	4	-	-	-	24,887
							14,512
Governance Costs		<u>7,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,801</u>
							<u>7,816</u>
Total Resources Expended	5	<u>1,554,019</u>	<u>4</u>	<u>26,214</u>	<u>798</u>	<u>-</u>	<u>1,581,035</u>
							<u>1,481,851</u>
Net Incoming/(Outgoing) Resources before transfers		(177,587)	2,267	219,455	(794)	23,000	66,341
Transfers between Funds		1,494,096	-	(1,494,096)	-	-	-
							-
Net Incoming/(Outgoing) Resources		<u>1,316,509</u>	<u>2,267</u>	<u>(1,274,641)</u>	<u>(794)</u>	<u>23,000</u>	<u>66,341</u>
(Losses)/Gains on Investments		321	3,331	-	-	-	3,652
							4,414
Net Movement in Funds		<u>1,316,830</u>	<u>5,598</u>	<u>(1,274,641)</u>	<u>(794)</u>	<u>23,000</u>	<u>69,993</u>
Fund Balances Brought Forward		1,436,989	46,208	1,274,641	4,054	-	2,761,892
							1,473,290
Fund Balances Carried Forward	16	<u>2,753,819</u>	<u>51,806</u>	<u>-</u>	<u>3,260</u>	<u>23,000</u>	<u>2,831,885</u>
							<u>2,761,892</u>

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

BALANCE SHEET
At 31st July, 2011

	Note	2011 £	2010 £
Fixed Assets			
Tangible Assets	8	<u>3,333,339</u>	<u>3,136,006</u>
Current Assets			
Stock		739	739
Debtors	9	40,818	87,043
Investments	10	48,495	39,907
Cash at Bank		26,101	58,649
		<u>116,153</u>	<u>186,338</u>
Creditors: Amounts Falling Due Within One Year	11	(168,321)	(102,401)
Net Current Assets/(Liabilities)		<u>(52,168)</u>	<u>83,937</u>
Total Assets less Current Liabilities		3,281,171	3,219,943
Creditors: Amounts Falling Due After More than One Year	12	(449,286)	(458,051)
Total Net Assets		<u><u>£ 2,831,885</u></u>	<u><u>£ 2,761,892</u></u>
Reserves:			
- Unrestricted Funds			
General Fund	15	2,753,819	1,436,989
- Restricted Funds			
Bursary & Redevelopment Appeal Fund	16	51,806	46,208
Hamilton Building Fund	16	-	1,274,641
Farr-Out Challenge Fund	16	3,260	4,054
Designated Donations	16	23,000	-
		<u><u>£ 2,831,885</u></u>	<u><u>£ 2,761,892</u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Governors on 1.12.11 and signed on its behalf by

G Baird
Chairman

Gareth Baird

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July 2011

1. 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 2005: Accounting by Charities issued May 2008.

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

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

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 and bursaries granted which totalled £186,515 this year.

Depreciation

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

Heritable Property	Cost less 50% residual value over 40 years
Improvements to Property	5% straight line
Fixtures and Fittings	10% reducing balance/10% straight line
Plant and Equipment	25% straight line
Motor Vehicles	25% straight line

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st July 2011

1. Accounting Policies (continued)

Expenditure

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

- expenditure incurred directly in the fulfillment 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 expensed 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.

2. School Fees Receivable

	2011	2010
	£	£
Gross Fees	1,468,724	1,564,441
Discounts	(102,389)	(125,202)
Bursaries	(84,126)	(43,926)
	<u>1,282,209</u>	<u>1,395,313</u>

3. Staff Costs

	2011	2010
	£	£
Salaries & wages (includes redundancy costs)	961,010	901,047
Social security	64,017	65,782
Other pension costs	76,227	83,796
	<u>1,101,254</u>	<u>1,050,625</u>

Average number of employees during the year 48 48

During the year no employee received a salary or wage greater than £60,000.

4. Exceptional Items

During the year, the school undertook a fundamental reorganisation of its operations. Due to worsening results and uncertain pupil numbers for the coming year the school decided to review their staffing needs and requirements and as a result a restructure of staff was undertaken.

Due to the uncertain economic climate, provision has been made for a number of debts outstanding at the year end. The school will continue to chase for payment of all amounts outstanding.

The following amounts have been charged to the statement of financial activities within charitable activities (note 5):

	2011	2010
	£	£
Costs of reorganisation (staff costs)	92,909	-
Provision for doubtful debts	46,128	-
	<u>139,037</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2011

5. Resources Expended

The movement in funds is stated after:

	2011 £	2010 £
Auditors' Remuneration	4,451	4,566
Depreciation - Owned Assets	66,564	50,447
- Assets under Hire Purchase Obligations	5,965	11,714
Operating Lease Rentals	8,204	8,204
	<u> </u>	<u> </u>

Resources Expended

Staff Costs (Note 3)	1,101,254	1,050,625
Depreciation	72,527	62,161
Bank Interest	21,426	12,382
Other Resources expended	385,828	356,683
	<u>1,581,035</u>	<u>1,481,851</u>

Further details of resources expended are as follows:

Charitable Activities	2011	2010
School Operating Costs:	£	£
Staff Costs (inc exceptional item - note 4)	1,060,920	1,008,575
Catering	59,458	62,925
Books & Class Materials	13,447	15,272
Rent, Rates & Insurance	43,221	35,433
Light, Heat & Water	52,209	60,733
Property Repairs	28,323	38,628
Other	66,109	74,826
Depreciation	72,527	62,161
Provision for doubtful debts (note 4)	46,128	5,252
Support Costs:		
Staff Costs	36,984	38,800
Printing, Stationery & Telephone	28,366	31,869
Computer software & maintenance	32,239	15,630
Marketing	8,416	9,419
	<u>£ 1,548,347</u>	<u>£ 1,459,523</u>

Costs of Generating Funds

School Financing Costs:

Bank Interest & Charges	2,982	2,298
Bank Loan Interest & Charges	18,444	10,084
Hire Purchase	3,461	2,130
	<u>£ 24,887</u>	<u>£ 14,512</u>

Governance Costs

Audit & Accountancy	4,451	4,566
Staff Costs	3,350	3,250
	<u>£ 7,801</u>	<u>£ 7,816</u>

6. Governors' Remuneration

The Governors received no remuneration and no expenses were reimbursed during the year (2010 - nil).

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

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2011

7. 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.

8. Fixed Assets

	Assets in Course of Construction						
	Heritable Land and Buildings	Hamilton Building	Fittings and Furniture	Plant and Equipment	Motor Vehicles	Property Improvements	Total
	£		£	£	£	£	£
Cost or Valuation							
At 1st August 2010	1,587,567	1,274,641	287,439	184,270	44,521	202,193	3,580,631
Additions	-	207,043	38,279	30,287	-	-	275,609
Disposals	-	-	-	-	(22,995)	-	(22,995)
Reclassification	1,474,280	(1,481,684)	7,404	-	-	-	-
At 31st July 2011	<u>3,061,847</u>	<u>-</u>	<u>333,122</u>	<u>214,557</u>	<u>21,526</u>	<u>202,193</u>	<u>3,833,245</u>
Depreciation							
At 1st August 2010	33,733	-	137,438	157,332	38,772	77,350	444,625
Charge for Year	11,249	18,428	18,141	14,859	-	9,850	72,527
Disposals	-	-	-	-	-	-	-
Eliminated on Disposal	-	-	-	-	(17,246)	-	(17,246)
Reclassification	18,428	(18,428)	-	-	-	-	-
At 31st July 2011	<u>63,410</u>	<u>-</u>	<u>155,579</u>	<u>172,191</u>	<u>21,526</u>	<u>87,200</u>	<u>499,906</u>
Net Book Value							
At 31st July 2011	<u>2,998,437</u>	<u>-</u>	<u>177,543</u>	<u>42,366</u>	<u>-</u>	<u>114,993</u>	<u>3,333,339</u>
At 31st July 2010	<u>1,553,834</u>	<u>1,274,641</u>	<u>150,001</u>	<u>26,938</u>	<u>5,749</u>	<u>124,843</u>	<u>3,136,006</u>

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

	Heritable Land and Buildings	
	2011	2010
	£	£
At Cost	2,664,847	1,190,567
At 1991 Valuation	397,000	397,000
	<u>£ 3,061,847</u>	<u>£ 1,587,567</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:

	Net Book Value		Depreciation Charge for Year	
	2011	2010	2011	2010
	£	£	£	£
Class of Asset				
Motor Vehicles	-	5,749	-	5,749
Plant & Machinery	5,965	11,930	5,965	5,965
	<u>5,965</u>	<u>17,679</u>	<u>5,965</u>	<u>11,714</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2011

9. Debtors	2011	2010
	£	£
Trade Debtors	32,602	82,528
Prepayments	8,216	4,515
	<u>40,818</u>	<u>87,043</u>

10. Current Asset Investments

Investments form part of the General Fund and Bursary Fund.

	2011	2010
	£	£
Listed U.K. Investments:		
Market Value at 1st August 2010	39,907	35,493
Purchases at cost	4,936	-
Add net (Loss)/Gain on Revaluation at 31st July 2011	3,652	4,414
	<u>£ 48,495</u>	<u>£ 39,907</u>
Total Market Value at 31st July 2011	<u>£ 48,495</u>	<u>£ 39,907</u>
Historical Cost of Listed Investments at 31st July 2011	<u>£ 52,614</u>	<u>£ 47,948</u>

11. Creditors: Amounts Falling Due Within One Year

	2011	2010
	£	£
Bank Loan (see note 14)	31,015	52,555
Trade Creditors	5,836	5,878
Hire Purchase Creditor	6,032	8,916
Other Taxes and Social Security	19,025	20,899
Accruals and Deferred Income	13,504	14,153
Other Creditors	92,909	-
	<u>£ 168,321</u>	<u>£ 102,401</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.

The school meets its day to day working capital requirements at key points during the year, through an overdraft facility which is repayable on demand. The school expects to operate within the facility currently agreed and within that expected to be agreed periodically with the company's bankers. These views are based on the company's plans and on discussions held by the school with its bankers.

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

	2011	2010
	£	£
Bank Loan (see note 14)	449,286	457,715
Hire Purchase	-	336
	<u>£ 449,286</u>	<u>£ 458,051</u>

13 Capital Commitments

	2011	2010
	£	£
Contracted but not provided for in the financial statements.	-	128,016
Amounts to be met by Donations.	<u>-</u>	<u>128,016</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2011

14. Loans And Overdrafts

An analysis of the maturity of loans and overdrafts is given below

	2011 £	2010 £
Amounts falling due within one year or on demand:		
Bank Loan	<u>31,015</u>	<u>52,555</u>
Amounts falling due between two and five years:		
Bank Loan	<u>137,372</u>	<u>220,125</u>
Amounts falling due in more than five years:		
Bank Loan	<u>311,914</u>	<u>237,590</u>

15. Funds

	Restricted				Unrestricted	
	Bursary Fund £	Hamilton Building Fund £	Farr-Out Challenge Fund £	Designated Donations	General Fund £	Total £
At 1st August, 2010	46,208	1,274,641	4,054	-	1,436,989	2,761,892
Net Incoming/Outgoing Resources	2,267	219,455	(794)	23,000	(177,587)	66,341
Unrealised (Losses)/Gain on Investments	3,331	-	-	-	321	3,652
Transfers		(1,494,096)			1,494,096	-
At 31st July, 2011	<u>£ 51,806</u>	<u>£ -</u>	<u>£ 3,260</u>	<u>£ 23,000</u>	<u>£ 2,753,819</u>	<u>£ 2,831,885</u>

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

Unrealised gains of £168,817 (2010 - £168,817) for tangible fixed assets are included in the General Fund above.

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 expensed on the items specified by the donor, and transferred to general funds where items are of a capital nature and have no further conditions attached.

The Bursary Fund (formerly the Bursary & Redevelopment Appeal Fund) is used to raise funds for sponsorship of pupils qualifying for support. The balance on the fund at the year-end comprises investments (£44,673) and cash at bank (£7,133).

The Farr out challenge fund was set up to sponsor inter schools competitions events. The balance on the fund at the year end comprises of cash at bank.

The Hamilton Building Fund represented a donation received from an anonymous benefactor to build a new classroom block for the school. As the conditions of the donation have now been met and the building is now complete the asset has been transferred into the general fund.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2011

16. Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Restricted Funds				
Bursary & Redevelopment Appeal Fund	-	51,806	-	51,806
Farr-Out Challenge Fund	-	3,260	-	3,260
Designated Donations	23,000			23,000
Unrestricted Funds	3,310,339	(107,234)	(449,286)	2,753,819
	<u>3,333,339</u>	<u>(52,168)</u>	<u>(449,286)</u>	<u>2,831,885</u>

17. Pensions

The Charity participates in a multi employer defined benefits scheme, Scottish Teachers Superannuation Scheme, for its teaching staff which in common with other Government pension schemes is unfunded. The school is unable to identify its share of the underlying liabilities of the scheme and therefore, in accordance with the Charities SORP 2005 (revised May 2008), accounts for the contributions of the scheme as if it were a defined contribution scheme.

The latest actuarial valuation of the scheme was carried out as at 31 March 2005, at which there was a deficit reported on the scheme of £836 million. The results of this valuation were rolled forward to give a liability of £24.37 billion at 31st March 2010.

As the scheme is unfunded there can be no surplus or shortfall. Pension contributions rates will be set by the schemes actuary at a level to meet the cost of pensions as they accrue.

The total pension costs for teaching staff in the year was £76,227 (2010: £83,796).

18. Leasing Commitments

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

	2011 £	2010 £
Between two and five years	7,554	7,554
Over five years	650	650
	<u>8,204</u>	<u>8,204</u>

19. Transactions with Governors

Four Governors had children in attendance at the School during the year (2010 four Governors). All were charged at full rates.