

ST. MARY'S SCHOOL, MELROSE

A Charitable Company Limited by Guarantee

**Recognised Charity Number:
SC 009352**

FINANCIAL STATEMENTS

For the year ended 31st July 2010



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

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for the year ended 31st July 2010

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ST. MARY'S SCHOOL, MELROSE
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FINANCIAL STATEMENTS
for the year ended 31st July 2010

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 (Resigned 30 November 2009)
Dr D. Younger
J.M. Bruce
C.D. Grant
E.L. Woods
J. Robertson
C.B. Godfrey-Faussett (Appointed 30 November 2009)
P. Murray (Appointed 30 November 2009)

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

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, 2010.

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.

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

G.T.G. Baird
The Right Hon. Lord Abernethy
Dr D. Younger
J.M. Bruce
C.B. Godfrey-Faussett (Appointed 30.11.09)

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

C.D. Grant
G.N. Farr (Resigned 30.11.09)
J. Robertson
P. Murray (Appointed 30.11.09)

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.

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 £1,284,188 was achieved and transferred to relevant funds (£3,847 general, £1,280,341 restricted). The general surplus has fallen considerably this year with the large surplus on the restricted funds being created by the generous donation received during the year for the construction of the new Hamilton Building. Class and boarding fees amounted to £1,395,313 after discounts of £125,202 and bursaries of £43,926 (2009 £1,444,531 after discounts of £171,574 and bursaries of £6,940).

The value of each class of discount was as follows:

	£
Staff	70,263
Sibling	48,867
Historically agreed	<u>6,072</u>
Total discounts 2010	125,202
 Bursaries Awarded 2010	 43,926

During the year a full school inspection by the HMIE took place and this achieved an excellent result reflecting great credit on Mr Brett and his staff. Particularly satisfying was that the pupil experience at St Mary's was deemed to be sector leading. The Care Commission also undertook an inspection with extremely positive results once again.

Form 8 were awarded a grand total of eight scholarships or other awards to their senior schools. In addition to this the 13+ Common Entrance results, with all of Form 8 gaining passes into their first choice schools, bear out the fact that our academic structure in the senior school supported by a strong focus in the middle school years is benefiting all pupils academically as well as encouraging excellence in each area of the curriculum.

St Mary's has fully embraced the principles of The Curriculum for Excellence encouraging pupils to become confident individuals, successful learners, responsible citizens and effective contributors both in their school activities and within society in general. This was recognised by the HMIE inspection team who thoroughly enjoyed their time at St Mary's.

The academic year 2009/10 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.

Pupil numbers have fallen in recent times, which is a reflection of the economic downturn. Our budgeted numbers for the coming year are down, impacting on income, and prompt collection of fees together with tight control of costs will be exercised as a result. The financial position is closely monitored by the Finance & General Purpose Committee and new strategies are being implemented with a view to reversing the downturn in numbers.

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.

REPORT OF THE GOVERNORS (continued)

Future Plans

Following upon the very successful completion of the Sanderson Building, opened on 6 March 2008 by HRH The Princess Royal the School received a hugely generous offer from a charitable foundation. This anonymous offer was to fund the construction of a classroom block to house the senior school, incorporating office and meeting space. Construction work began on schedule in October 2009 and was completed close to schedule in Summer 2010. All involved with St Mary's School are enormously grateful to have received this gift. The new block has been named *The Hamilton Building* in honour of our founding family. Staff and pupils moved into the building in September 2010 and the wonderful new facilities are being enjoyed by all, adding to the learning experience of the children as well as providing a superb working environment.

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

In academic terms the school has a very definite 10 year Strategic Plan which is set out in the former Headmasters paper entitled 'Guiding Principles' (copies may be requested from the school). This paper is the subject of constant revision and referral. It demonstrates the strong emphasis that St Mary's will be placing on the use of information technology going forward. Ongoing investment in this area will ensure that pupils leave St Mary's not only as well rounded, independent creative thinkers but have the ability to then develop their skills by embracing 21st century technology in their further education and their wider lives in general.

The policies which have served the school so well in recent years will be further enhanced and developed by the newly appointed Headmaster, Liam Harvey. Mr Harvey succeeded John Brett in September 2010 from his previous post at Belhaven Hill School. He brings with him, in a part time classics capacity, Mr Michael Osborne who is the recently retired long serving Headmaster of Belhaven Hill. In looking forward to the new era under Mr Harvey the Governors would like to acknowledge the marvellous job done by John Brett during his twelve year stewardship of St Mary's. We wish John, Clare and the boys well in their new life at Old Buckenham Hall School in Suffolk.

St Mary's intends to lead in terms of developing our pupils creative capacities, no matter what direction we find these might lie in. Whilst maintaining the academic excellence that has long been the cornerstone of the school's successes the new Headmaster has declared his very real intention to continue to encourage and allow every child to develop according to his or her own individual talents. The whole school will work very hard at identifying and building on individual capabilities and strengths with new and varied initiatives coming on stream to encourage both creative thinking and practical capability. Academic year 2009/10 saw the trialling of an activities afternoon involving all pupils in the Prep school. In addition the Upper and Lower Transition classes now remain at school on a Wednesday afternoon to utilise the wider facilities outside their own classrooms. This will also be available in the Reception class at the discretion of individual parents. These initiatives will continue in the coming academic year. The Headmaster has declared that he would be delighted to discuss the direction that the school is taking with any interested party.

St Mary's recognises that pupils progressing from the school in an era of constant and ever faster moving change must be true polymaths: rounded, lateral thinkers, good at arts and sciences equally, developing the whole of their creative capacities and not just their academic ones

Another cornerstone upon which the school will continue to progress is increased emphasis on sport, both team and individual. Again the school is investing further resource in bringing in the right expertise to develop the abilities of both pupils and staff. Happily this is just one area in which St Mary's enjoys a wonderful level of cooperation and help from the highly supportive parent body. The FP Club and Friends of St Mary's lead the way and indeed the FP Club has recently provided the School with an all weather cricket net facility. Many other individuals also have declared their willingness to contribute in this field.

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 will be an area of particular focus for Mr Harvey and his wife Marnie

Despite the challenging times we live in St Mary's is in great heart and we as a Board of Governors will continue to support the excellent work of the new Headmaster and his staff in taking the school forward into the exciting adventure that is our future together in this new era for the School.

REPORT OF THE GOVERNORS (continued)

Community Partnerships and Shared Benefit

St Mary's is well represented by the Headmaster in the wider educational community. Mr Harvey is widely known in the Scottish Prep School scene and will liaise closely with his colleagues in both the Prep and Senior schools. School staff embark on very regular mutually beneficial visits with senior schools both north and south of the border with many valuable links have been established to the betterment of the school, its pupils and parent body as well as to the schools on the other side of the equation. Several staff members attend and contribute fully to both local and national meetings of relevant professional bodies. This all helps ensure that St Mary's has a strong voice in the education community.

The school continues to open its doors to its own local community, providing facilities to clubs and societies as diverse as Melrose Rugby Club, The Save the Children Fund, a local drum school and the Brownies. A number of schools, both public and local authority take part in The Farr Out Challenge each April. The pupils are hosted by St Mary's most senior children in a spirit of happy and friendly competition. As the fabric of the school develops there is a strong determination to ensure that a growing number of opportunities will be grasped to widen access to the school to those who can benefit from its various resources.

It is worthy of note that the school does provide benefit to parent and pupils by provision of certain heavily subsidised services. Examples of this would include the modest charge levied for use of the school buses and low or nil charges for extra curricular activities such as judo and cricket nets which are open to both pupils and non pupils alike. School meals are included in fees.

Widening access is very important to St Mary's and as well as the above the school has formed a Bursary Committee whose august members are ensuring that the recently revised and much improved formal bursary process delivers real benefit by providing a limited number of means tested bursaries both where they are needed and will genuinely help develop the children who are in receipt of them. Part of the formalised process has involved identifying a realistic sum that can be allocated in each academic year that will stretch the schools budget without damaging its capability to deliver the quality experience for all pupils that has allowed it to thrive in recent years. This development greatly clarifies for all parties the processes under which St Mary's can help those who might not otherwise be able to attend the school when the full fee is applied.

It is worth noting that St Mary's has embarked on the required programme of development to allow for early qualification as a recognised eco-school and achievement of the Green Flag Award and is progressing well in this regard.

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 2010 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.

ST. MARY'S SCHOOL, MELROSE
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REPORT OF THE GOVERNORS (continued)

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

 12/10/10

E. Swinton, Secretary

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 2010 on pages 7 to 15. These financial statements have been prepared in accordance with the accounting policies set out on pages 9 and 10.

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 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 (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view.

We have been appointed auditors under section 44(1) (c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those 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).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted 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. We also report to you whether, 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 mis-statements within it.

Basis of audit 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 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 on financial statements

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 2010 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 United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, 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

Lesley Mark (Senior Statutory Auditor)
For and on behalf of Douglas Home & Co. Ltd
Registered Auditors and Chartered Accountants
47-49 The Square
Kelso
Roxburghshire
TD5 7HW

21 October 2010

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, 2010

----- Restricted Funds -----

	Note	Unrestricted Fund £	Bursary Fund £	Hamilton Building Fund £	Farr-Out Challenge Fund £	Total 2010 £	Total 2009 £
INCOMING RESOURCES							
Incoming Resources from Charitable Activities							
School Fees Receivable (after discounts and bursaries of £169,128)	2	1,395,313	-	-	-	1,395,313	1,444,531
Kindergarten Fees		73,452	-	-	-	73,452	83,949
Registration Fees		750	-	-	-	750	1,100
Sundry Receipts		11,787	-	-	19	11,806	16,258
Incoming Resources from Generated Funds							
Grants & Donations		2,759	300	1,274,641	5,000	1,282,700	10,673
Activities for generating funds:							
Fundraising		-	-	-	-	-	455
Investment Income		116	1,899	-	3	2,018	4,284
Other Incoming Resources		-	-	-	-	-	110
Total Incoming Resources		<u>1,484,177</u>	<u>2,199</u>	<u>1,274,641</u>	<u>5,022</u>	<u>2,766,039</u>	<u>1,561,360</u>
RESOURCES EXPENDED							
Charitable Activities							
School Operating Costs		1,458,005	550	-	968	1,459,523	1,456,833
Costs of Generating Funds							
School Financing Costs		14,509	3	-	-	14,512	29,003
Governance Costs		7,816	-	-	-	7,816	7,330
Total Resources Expended	4	<u>1,480,330</u>	<u>553</u>	<u>-</u>	<u>968</u>	<u>1,481,851</u>	<u>1,493,166</u>
Net Incoming/(Outgoing) Resources before transfers		3,847	1,646	1,274,641	4,054	1,284,188	68,194
Transfers between Funds		-	-	-	-	-	-
Net Incoming/(Outgoing) Resources		<u>3,847</u>	<u>1,646</u>	<u>1,274,641</u>	<u>4,054</u>	<u>1,284,188</u>	<u>68,194</u>
(Losses)/Gains on Investments		387	4,027	-	-	4,414	(8,479)
Net Movement in Funds		<u>4,234</u>	<u>5,673</u>	<u>1,274,641</u>	<u>4,054</u>	<u>1,288,602</u>	<u>59,715</u>
Fund Balances Brought Forward		1,432,755	40,535	-	-	1,473,290	1,413,575
Fund Balances Carried Forward	15	<u>1,436,989</u>	<u>46,208</u>	<u>1,274,641</u>	<u>4,054</u>	<u>2,761,892</u>	<u>1,473,290</u>


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

BALANCE SHEET
At 31st July, 2010

	Note	2010 £	2009 £
Fixed Assets			
Tangible Assets	7	<u>3,136,006</u>	<u>1,910,266</u>
Current Assets			
Stock		739	870
Debtors	8	87,043	56,734
Investments	9	39,907	35,493
Cash at Bank		58,649	90,154
		<u>186,338</u>	<u>183,251</u>
Creditors: Amounts Falling Due Within One Year	10	(102,401)	(100,387)
Net Current Assets/(Liabilities)		<u>83,937</u>	<u>82,864</u>
Total Assets less Current Liabilities		3,219,943	1,993,130
Creditors: Amounts Falling Due After More than One Year	11	(458,051)	(519,840)
Total Net Assets		<u>£ 2,761,892</u>	<u>£ 1,473,290</u>
Reserves:			
- Unrestricted Funds			
General Fund	14	1,436,989	1,432,755
- Restricted Funds			
Bursary & Redevelopment Appeal Fund	14	46,208	40,535
Hamilton Building Fund	14	1,274,641	-
Farr-Out Challenge Fund	14	4,054	-
		<u>£ 2,761,892</u>	<u>£ 1,473,290</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 11 October 2010 and signed on its behalf by



G. Baird
Chairman

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 2010

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 £169,128 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July 2010

1. Accounting Policies (continued)

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 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

	2010	2009
	£	£
Gross Fees	1,564,441	1,623,045
Discounts	(125,202)	(171,574)
Bursaries	(43,926)	(6,940)
	<u>1,395,313</u>	<u>1,444,531</u>

3. Staff Costs

	2010	2009
	£	£
Salaries & wages	901,047	901,524
Social security	65,782	66,542
Other pension costs	83,796	76,285
	<u>1,050,625</u>	<u>1,044,351</u>
Average number of employees during the year	<u>48</u>	<u>47</u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2010

4. Resources Expended

The movement in funds is stated after:

	2010 £	2009 £
Auditors' Remuneration	4,566	4,180
Depreciation - Owned Assets	50,447	57,976
- Assets under Hire Purchase Obligations	11,714	11,714
Operating Lease Rentals	8,204	8,204
	<u>1,481,851</u>	<u>1,493,166</u>

Resources Expended

Staff Costs (Note 3)	1,050,625	1,044,351
Depreciation	62,161	69,690
Bank Interest	12,382	26,252
Other Resources expended	356,683	352,873
	<u>1,481,851</u>	<u>1,493,166</u>

Further details of resources expended are as follows:

Charitable Activities	2010 £	2009 £
School Operating Costs:		
Staff Costs	1,008,575	1,003,401
Catering	62,925	63,196
Books & Class Materials	15,272	17,419
Rent, Rates & Insurance	35,433	35,672
Light, Heat & Water	60,733	43,257
Property Repairs	38,628	36,875
Other	74,826	82,992
Depreciation	62,161	69,690
Provision for doubtful debts	5,252	5,828
Support Costs:		
Staff Costs	38,800	37,800
Printing, Stationery & Telephone	31,869	32,758
Marketing	25,049	27,945
	<u>£ 1,459,523</u>	<u>£ 1,456,833</u>

Costs of Generating Funds

School Financing Costs:

Bank Interest & Charges	2,298	2,075
Bank Loan Interest & Charges	10,084	24,177
Hire Purchase	2,130	2,751
	<u>£ 14,512</u>	<u>£ 29,003</u>

Governance Costs

Audit & Accountancy	4,566	4,180
Staff Costs	3,250	3,150
	<u>£ 7,816</u>	<u>£ 7,330</u>

5. Governors' Remuneration

The Governors received no remuneration and no expenses were reimbursed during the year (2009 - 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
For the year ended 31st July, 2010

6. Taxation

The Company has been granted charitable status and is exempt from income tax by virtue of Section 50 of the Income and Corporation Taxes Act 1988, and from capital gains tax by virtue of the Capital Gain Tax Act 1979, Section 145.

7. Fixed Assets

	Heritable Land and Buildings £	Assets in Course of Construction Hamilton Building	Fittings and Furniture £	Plant and Equipment £	Motor Vehicles £	Property Improvements £	Total £
Cost or Valuation							
At 1st August 2009	1,587,567	-	287,439	171,013	44,521	202,193	2,292,733
Additions	-	1,274,641	-	13,257	-	-	1,287,898
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
At 31st July 2010	<u>1,587,567</u>	<u>1,274,641</u>	<u>287,439</u>	<u>184,270</u>	<u>44,521</u>	<u>202,193</u>	<u>3,580,631</u>
Depreciation							
At 1st August 2009	22,484	-	120,766	138,691	33,023	67,500	382,464
Charge for Year	11,249	-	16,672	18,641	5,749	9,850	62,161
Disposals	-	-	-	-	-	-	-
At 31st July 2010	<u>33,733</u>	<u>-</u>	<u>137,438</u>	<u>157,332</u>	<u>38,772</u>	<u>77,350</u>	<u>444,625</u>
Net Book Value							
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>
At 31st July 2009	<u>1,565,082</u>	<u>-</u>	<u>166,671</u>	<u>32,322</u>	<u>11,497</u>	<u>134,694</u>	<u>1,910,266</u>

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

	Heritable Land and Buildings	
	2010 £	2009 £
At Cost	1,190,567	1,190,567
At 1991 Valuation	397,000	397,000
	<u>£1,587,567</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.

School Buildings are an asset under construction with a cost and net book value of £1,274,641. The balance of amounts payable for these items are included as capital commitments (note 12).

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

	Net Book Value		Depreciation Charge for Year	
	2010 £	2009 £	2010 £	2009 £
Class of Asset				
Motor Vehicles	5,749	11,498	5,749	5,749
Plant & Machinery	11,930	17,894	5,965	5,965
	<u>17,679</u>	<u>29,392</u>	<u>11,714</u>	<u>11,714</u>

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8. Debtors	2010	2009
	£	£
Trade Debtors	82,528	51,842
Prepayments	4,515	4,892
	<u>87,043</u>	<u>56,734</u>

9. Current Asset Investments

Investments form part of the General Fund and Bursary Fund.

	2010	2009
	£	£
Listed U.K. Investments:		
Market Value at 1st August 2009	35,493	43,972
Purchases at cost	-	-
Add net (Loss)/Gain on Revaluation at 31st July 2010	4,414	(8,479)
	<u>£ 39,907</u>	<u>£ 35,493</u>
Total Market Value at 31st July 2010	<u>£ 39,907</u>	<u>£ 35,493</u>
Historical Cost of Listed Investments at 31st July 2010	<u>£ 47,948</u>	<u>£ 47,948</u>

10. Creditors: Amounts Falling Due Within One Year

	2010	2009
	£	£
Bank Loan (see note 13)	52,555	51,595
Trade Creditors	5,878	3,756
Hire Purchase Creditor	8,916	10,455
Other Taxes and Social Security	20,899	21,228
Accruals and Deferred Income	14,153	13,353
	<u>£ 102,401</u>	<u>£ 100,387</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.

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

	2010	2009
	£	£
Bank Loan (see note 13)	457,715	510,587
Hire Purchase	336	9,253
	<u>£ 458,051</u>	<u>£ 519,840</u>

12. Capital Commitments

	2010	2009
	£	£
Contracted but not provided for in the financial statements.		
Amounts to be met by Donations.	<u>128,016</u>	<u>-</u>

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13. Loans And Overdrafts

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

	2010 £	2009 £
Amounts falling due within one year or on demand:		
Bank Loan	<u>52,555</u>	<u>51,595</u>
Amounts falling due after one year:		
Bank Loan	<u>220,125</u>	<u>216,103</u>
Amounts falling due in more than five years:		
Bank Loan	<u>237,590</u>	<u>294,484</u>

14. Funds

	<u>Restricted</u>			<u>Unrestricted</u>	
	Bursary Fund £	Hamilton Building Fund £	Farr-Out Challenge Fund £	General Fund £	Total £
At 1st August, 2009	40,535	-	-	1,432,755	1,473,290
Net Incoming/Outgoing Resources	1,646	1,274,641	4,054	3,847	1,284,188
Unrealised (Losses)/Gain on Investments	4,027	-	-	387	4,414
At 31st July, 2010	<u>£ 46,208</u>	<u>£ 1,274,641</u>	<u>£ 4,054</u>	<u>£ 1,436,989</u>	<u>£ 2,761,892</u>

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

Unrealised gains of £168,817 (2009 - £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. There had been no designated donations received during the year to 31st July 2010.

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 (£36,405) and cash at bank (£9,803).

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 represents the donation received from an anonymous benefactor to build a new classroom block for the school. The balance on the fund at the year end comprises of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st July, 2010

15. Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Restricted Funds				
Bursary & Redevelopment Appeal Fund	-	46,208	-	46,208
Hamilton Building Fund	1,274,641	-	-	1,274,641
Farr-Out Challenge Fund	-	4,054	-	4,054
Unrestricted Funds	1,861,365	33,675	(458,051)	1,436,989
	<u>£ 3,136,006</u>	<u>£ 83,937</u>	<u>(£458,051)</u>	<u>£ 2,761,892</u>

16. 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 which is to be met by an increase in contributions. Based on the results of the valuation, from April 2008 the employer contribution increased to 14.9% from 13.5% and the employees minimum contribution has remained at 6.4%.

The total pension costs for teaching staff in the year was £83,796 (2009: £76,285).

17. Leasing Commitments

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

	2010 £	2009 £
Between two and five years	7,554	7,554
Over five years	650	650
	<u>8,204</u>	<u>8,204</u>

18. Transactions with Governors

Four Governors had children in attendance at the School during the year (2009 three Governors). All were charged at full rates.