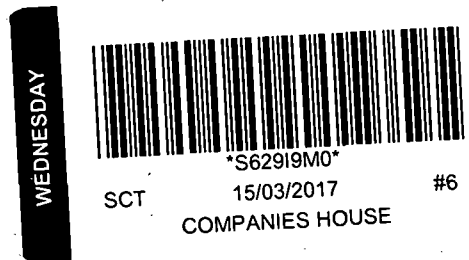


REGISTERED COMPANY NUMBER: SC023577 (Scotland)
REGISTERED CHARITY NUMBER: SC009352

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST AUGUST 2016
FOR
ST. MARY'S SCHOOL, MELROSE**



JRW
Chartered Accountants &
Statutory Auditor
19 Buccleuch Street
Hawick
Roxburghshire
TD9 0HL

ST. MARY'S SCHOOL, MELROSE

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FOR THE YEAR ENDED 31ST AUGUST 2016**

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ST. MARY'S SCHOOL, MELROSE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2016

The School Governors, who are also the trustees and directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year to 31 August 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

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

Principle activities

The company operates an independent preparatory school.

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. The review of schemes of work and assessment throughout the lower, middle and upper parts of the school, which commenced last year, are on-going with a team of expert Governors continuing to lend 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 on-going strengthening of the boarding offering. This continues to be an area of particular focus for the School. National GIRFEC development will continue to inform our procedures in ensuring that the health and wellbeing of all children is at the forefront of all that we do.

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 commonplace and enhance the valued links the School has with other independent schools.

St. Mary's continues to increase and strengthen its 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 and Earlston High School, whether it is for sports fixture or coaching sessions with our staff, have allowed a developing rapport between pupils and staff from all these schools and the sound working relationship established between the head teachers continues.

Various fund raising events and The Borders Book Festival have all used the facilities at St Mary's School over the last year and we continue to build on our 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 the very successful Science initiative "Bang Goes The Borders", due to be held again in September 2016, continue to open the School to many who would not ordinarily visit the campus. Many children and their parents will benefit from a very enjoyable and educational day when various senior schools, universities and science based businesses provide workshops, demonstrations and talks to engage and enthuse the young people who will attend them. Joint coaching and fixture ventures have proved highly successful with Melrose Primary School, whose pupils also attend music tuition opportunities and provide pupils for joint choir ventures for events such as the annual Christmas Charity Concert.

ST. MARY'S SCHOOL, MELROSE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2016

Bursary allocation remains high as the School recognises the need to support existing families and the absolute benefit to others who would not necessarily be able to afford an independent prep school education for their children.

ACHIEVEMENT AND PERFORMANCE

The curriculum continues to be well balanced and appropriately rigorous to allow parents a wider choice of senior schools beyond St. Mary's for their children.

Academic performance of the leaving pupils continued to be strong with four pupils gaining an Academic Scholarship to Ampleforth, Fettes, Loretto and Newcastle School for Boys, 2 of these pupils also gained a Sports Scholarship (Fettes and Newcastle School for Boys); 2 pupils gaining Sports Scholarships to Merchiston Castle and Strathallan; 1 pupil gaining a Cricket Scholarship to Loretto; 1 pupil gaining an Outstanding Talent Award to Glenalmond; whilst our other 7 pupils passed Common Entrance and successfully gained places at their senior school of choice in both the private and state sectors.

The year saw a number of refurbishment/improvement/capital projects being carried out in various area of the School:-

Boarding House: the existing boarding facility was given a complete overhaul during the Easter break. All rooms were re-decorated, new furniture was installed and new carpets fitted in some of the rooms.

Grounds: during the Summer holidays we undertook to renew all line markings throughout the School grounds. In addition various potholes along the drive were filled.

Building Security: keypad entry systems were fitted to all Veranda Classrooms, the Morrison Hall, Boys Changing Rooms, Duffy Passage entrance and door leading to Boarding House.

IT: the School continued to invest in the latest technology. Four new Smartboards were installed in Forms 3, 4 and 5 classrooms and the Science Lab during the October half term break. In February we purchased 30 iPads, covers and a GoCabby storage facility, and 2 new computers were installed in the Staff Room providing a valuable resource for teaching staff who do not have a permanent base in the school. In July we completed negotiations and installation of a new School Management System, 3Sys.

In addition the School's programme of maintenance and repair work continued over the course of the year.

Over the year the cost of these refurbishments, improvements and capital investments amounted to over £95,000.

The busy extra-curricular schedule is geared to providing all pupils with the opportunity to play competitive sport against other schools. All pupils available for selection represented a team in each of the sports included in their games timetable. The arts provided pupils with the opportunity to perform on the stage either in a poetry competition, lecture competition, as part of a choir, orchestra or in a musical or acting context. School productions proved hugely popular and money for various charities was raised throughout the production performances.

The school was once again well supported by The Friends of St. Mary's and the FP club. The Friends contributed to the cost of new football goals and hosted a number of successful fund raising ventures that were well attended and supported. Once again the FP club hosted a fabulous gathering at the cricket pavilion during Melrose 7s and a generous donation which provided the Music and Drama Department the opportunity to invest in new equipment.

The school opened its doors to the general public on a number of occasions throughout the year. Two such occasions were firstly the very popular Farr-Out Challenge attended by teams from 9 local primary schools and 5 independent schools and secondly the hugely successful Bang Goes the Borders Science Festival, now in its 5th year, during which the school had nearly 1,200 visitors.

ST. MARY'S SCHOOL, MELROSE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2016

ACHIEVEMENT AND PERFORMANCE

FINANCIAL REVIEW

Net income of £224,727, shown after investment gains of £13,095, was achieved during the year, being £205,807 to the general fund, and £18,920 to the restricted fund. The Governors are delighted that once again we have been able to build on the progress made over the last 4 years. By continuing to be prudent and cautious in the improving, but still uncertain, economic landscape the Governors have once again been able to recognise the enormous effort put in by the staff, both teaching and non-teaching, by awarding an inflationary pay increase for the 2016-17 academic year. The net income will also enable the Governors to continue to invest in the fabric of the School for the long term benefit of the pupils and a number of investment projects are currently in the pipeline. These include relocation of Kindergarten; development of a second Boarding House; development and expansion of current Veranda Classrooms. This continued investment in the School will require the Board to once again carefully manage the School finances in the year ahead.

Class and boarding fees amounted to £1,868,537 after discounts of £180,365 and bursaries of £383,669 (2015 £1,772,895 after discounts of £163,900 and bursaries of £343,642).

The value of each class of discount was as follows:

	£
Bursaries Awarded 2016	383,669
Discounts Awarded 2016	
Staff	91,750
Sibling	73,841
Other	14,774
Total Discounts 2016	180,365

This is shown in terms of the number of pupils receiving assistance was as follows:

	No. of Pupils
Bursary only	42
Discount only	48
Bursary & discounts	9
Total pupils receiving assistance	99

Fixed assets

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

Reserves policy

In recent years surpluses have 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 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

ST. MARY'S SCHOOL, MELROSE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing body

The Board of Governors (Trustees) determine the general policy of the School. The day to day management of the School is delegated to the Headmaster. The membership of the Board during the year is set out below. All Trustees served throughout the year except as stated.

Mrs C D Grant, J Robertson and P Murray retire by rotation at the AGM and, being eligible, offer themselves for re-election.

The company has no share capital and therefore no Trustee holds any shares but each, as a member, has guaranteed to pay a sum of £1 if called upon. Trustees are elected in accordance with the terms set out in the Articles of Association. Trustees are elected for a three year term for a period not normally exceeding twenty years.

Recruitment, appointment and development of new trustees

When vacancies arise Trustees 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. Trustees 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.

The school continues to advertise within its Parent Body for Parent Governors as required. The Board of Trustees of St Mary's School, Melrose recognises that there will be continue to be challenges for the school and its parent body. We are confident that the school is strongly placed to continue with development plans 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.

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 Trustees can best be mitigated.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC023577 (Scotland)

Registered Charity number

SC009352

Registered office

Abbey Park
Melrose
Roxburghshire
TD6 9LN

ST. MARY'S SCHOOL, MELROSE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2016

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

G T G Baird

Mrs S N Edwardson

A A P Fleck

C B Godfrey-faussett

Mrs C D Grant

Dr R A Mollart

- appointed 18.2.16

P Murray

N J Pollock

J Robertson

Ms E J Smith

D P Sturrock

Mrs A A Wright

Company Secretary

Mrs F M Tait

Senior Statutory Auditor

Alister Biggar

Auditors

JRW

Chartered Accountants &

Statutory Auditor

19 Buccleuch Street

Hawick

Roxburghshire

TD9 0HL

ST. MARY'S SCHOOL, MELROSE

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2016**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of St. Mary's School, Melrose for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, JRW, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

Approved by order of the board of trustees on 4th January 2017 and signed on its behalf by:



G T G Baird - Trustee

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 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company'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 charitable company's members and 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 charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they 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 those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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 the 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31st August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees 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**

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 Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Alister Biggar

Alister Biggar (Senior Statutory Auditor)

for and on behalf of JRW

Chartered Accountants &

Statutory Auditor

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

19 Buccleuch Street

Hawick

Roxburghshire

TD9 0HL

9th January 2017

ST. MARY'S SCHOOL, MELROSE

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 2016**

	Notes	Unrestricted fund £	Restricted funds £	2016 Total funds £	2015 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	7,581	9,324	16,905	19,761
Charitable activities	4				
School fees receivable		1,871,637	-	1,871,637	1,775,795
Investment income	3	237	-	237	376
Other income		17,295	13,082	30,377	25,186
Total		<u>1,896,750</u>	<u>22,406</u>	<u>1,919,156</u>	<u>1,821,118</u>
 EXPENDITURE ON					
Charitable activities	5				
School operating costs		<u>1,686,308</u>	<u>21,216</u>	<u>1,707,524</u>	<u>1,579,057</u>
NET INCOME		<u>210,442</u>	<u>1,190</u>	<u>211,632</u>	<u>242,061</u>
Transfers between funds	19	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
 Other recognised gains/(losses)					
Gains/(losses) on investment assets		<u>365</u>	<u>12,730</u>	<u>13,095</u>	<u>(382)</u>
Net movement in funds		<u>205,807</u>	<u>18,920</u>	<u>224,727</u>	<u>241,679</u>
 RECONCILIATION OF FUNDS					
Total funds brought forward		<u>3,289,914</u>	<u>97,634</u>	<u>3,387,548</u>	<u>3,145,869</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>3,495,721</u></u>	<u><u>116,554</u></u>	<u><u>3,612,275</u></u>	<u><u>3,387,548</u></u>

The notes form part of these financial statements

ST. MARY'S SCHOOL, MELROSE (REGISTERED NUMBER: SC023577)

**BALANCE SHEET
AT 31ST AUGUST 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	3,161,382	3,173,501
Investments	12	114,049	95,954
		<u>3,275,431</u>	<u>3,269,455</u>
 CURRENT ASSETS			
Stocks		900	900
Debtors	13	26,681	49,541
Cash at bank and in hand		851,949	528,915
		<u>879,530</u>	<u>579,356</u>
 CREDITORS			
Amounts falling due within one year	14	(275,625)	(148,048)
 NET CURRENT ASSETS		<u>603,905</u>	<u>431,308</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,879,336</u>	<u>3,700,763</u>
 CREDITORS			
Amounts falling due after more than one year	15	(267,061)	(313,215)
 NET ASSETS		<u><u>3,612,275</u></u>	<u><u>3,387,548</u></u>
 FUNDS	19		
Unrestricted funds:			
General fund		3,495,720	3,289,914
Restricted funds:			
Bang goes the Borders		1,483	1,138
Farr-Out Challenge Fund		24	-
Bursary Fund		109,815	92,085
Designated Donation		1,788	500
Trips		3,445	3,911
		<u>116,555</u>	<u>97,634</u>
 TOTAL FUNDS		<u><u>3,612,275</u></u>	<u><u>3,387,548</u></u>

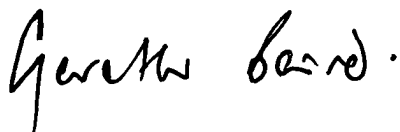
The notes form part of these financial statements

ST. MARY'S SCHOOL, MELROSE (REGISTERED NUMBER: SC023577)

**BALANCE SHEET - CONTINUED
AT 31ST AUGUST 2016**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Trustees on 4th January 2017 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G T G Baird'.

G T G Baird -Trustee

ST. MARY'S SCHOOL, MELROSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Fees and meal charges

Fees and meal charges are the total amount receivable by the charity in respect of school fees, outlays and meal charges and are inclusive of any VAT suffered on outlays. This is net of fee discounts and bursaries granted.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Heritable land and buildings	- in accordance with the property
Improvements to property	- 5% on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 10% on cost and 10% on reducing balance
Motor vehicles	- 25% on cost

Included in fixtures and furniture is a piano gifted to the school. No depreciation has been provided on this instrument as in the opinion of the Governors the asset life is so long and the residual value so high that any charge would be immaterial.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

1. ACCOUNTING POLICIES - continued

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Expenditure for those purposes is charged to the fund to which it relates. Once the fund has been expenses on capital items a transfer is made to general fund.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Investments

Investments are included within the accounts 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.

2. DONATIONS AND LEGACIES

	2016	2015
	£	£
Grants and donations	16,905	19,761
	<u>16,905</u>	<u>19,761</u>

3. INVESTMENT INCOME

	2016	2015
	£	£
Deposit account interest	8	155
Dividends	229	221
	<u>237</u>	<u>376</u>

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2016 £	2015 £
Class and boarding fees	School fees receivable	1,793,688	1,704,878
Kindergarten fees	School fees receivable	74,849	68,017
Enrolment registration fees	School fees receivable	3,100	2,900
		<u>1,871,637</u>	<u>1,775,795</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 6) £	Totals £
School operating costs	<u>1,560,003</u>	<u>147,521</u>	<u>1,707,524</u>

6. SUPPORT COSTS

	Management £	Finance £	Governance costs £	Totals £
School operating costs	<u>125,778</u>	<u>16,901</u>	<u>4,842</u>	<u>147,521</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2016 £	2015 £
Auditors' remuneration	2,842	3,162
Depreciation - owned assets	97,867	79,892
Depreciation - assets on hire purchase contracts and finance leases	11,622	11,622
Hire of plant and machinery	<u>14,313</u>	<u>14,486</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st August 2016 nor for the year ended 31st August 2015.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st August 2016 nor for the year ended 31st August 2015.

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

9. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	982,282	937,635
Social security costs	76,536	60,627
Other pension costs	110,242	81,949
	<u>1,169,060</u>	<u>1,080,211</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Teaching staff	35	34
Admin/Grounds	5	4
Catering/Cleaning	8	8
Gap Year Students	3	4
	<u>51</u>	<u>50</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016	2015
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	13,112	6,649	19,761
Charitable activities			
School fees receivable	1,775,795	-	1,775,795
Investment income	376	-	376
Other income	21,194	3,992	25,186
Total	<u>1,810,477</u>	<u>10,641</u>	<u>1,821,118</u>
EXPENDITURE ON			
Charitable activities			
School operating costs	1,573,214	5,843	1,579,057
Total	<u>1,573,214</u>	<u>5,843</u>	<u>1,579,057</u>

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
NET INCOME	237,263	4,798	242,061
Transfers between funds	(5,637)	5,637	-
Other recognised gains/(losses)			
Gains/(losses) on investment assets	(228)	(154)	(382)
Net movement in funds	231,398	10,281	241,679
RECONCILIATION OF FUNDS			
Total funds brought forward	3,058,516	87,353	3,145,869
TOTAL FUNDS CARRIED FORWARD	<u>3,289,914</u>	<u>97,634</u>	<u>3,387,548</u>

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

11. TANGIBLE FIXED ASSETS

	Heritable land and buildings £	Improvements to property £	Plant and machinery £
COST			
At 1st September 2015	3,061,847	259,709	181,796
Additions	-	9,211	60,615
At 31st August 2016	<u>3,061,847</u>	<u>268,920</u>	<u>242,411</u>
DEPRECIATION			
At 1st September 2015	182,121	130,179	153,430
Charge for year	29,677	13,443	28,739
At 31st August 2016	<u>211,798</u>	<u>143,622</u>	<u>182,169</u>
NET BOOK VALUE			
At 31st August 2016	<u>2,850,049</u>	<u>125,298</u>	<u>60,242</u>
At 31st August 2015	<u>2,879,726</u>	<u>129,530</u>	<u>28,366</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1st September 2015	371,331	52,447	3,927,130
Additions	27,544	-	97,370
At 31st August 2016	<u>398,875</u>	<u>52,447</u>	<u>4,024,500</u>
DEPRECIATION			
At 1st September 2015	248,563	39,336	753,629
Charge for year	24,519	13,111	109,489
At 31st August 2016	<u>273,082</u>	<u>52,447</u>	<u>863,118</u>
NET BOOK VALUE			
At 31st August 2016	<u>125,793</u>	<u>-</u>	<u>3,161,382</u>
At 31st August 2015	<u>122,768</u>	<u>13,111</u>	<u>3,173,501</u>

The heritable and buildings were last valued on 31st July 1991 by Lorne Brown Associates, Chartered Surveyors, on an open market basis.

The net book value of tangible fixed assets includes £NIL (2015 - £11,622) in respect of assets held under hire purchase contracts.

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

12. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1st September 2015	95,954
Additions	5,000
Revaluations	13,095
	<hr/>
At 31st August 2016	114,049
	<hr/>
 NET BOOK VALUE	
At 31st August 2016	114,049
	<hr/>
At 31st August 2015	95,954
	<hr/>

There were no investment assets outside the UK.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	20,791	46,585
Prepayments and accrued income	5,890	2,956
	<hr/>	<hr/>
	26,681	49,541
	<hr/>	<hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans and overdrafts	39,323	37,810
Hire purchase	7,726	7,725
Trade creditors	22,135	4,075
Social security and other taxes	-	138
Other creditors and accruals	8,145	42,951
Deferred income	198,296	55,349
	<hr/>	<hr/>
	275,625	148,048
	<hr/>	<hr/>

Deferred income is mainly fees relating to and received in advance of the 2016/17 school terms commencing.

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Bank loans - 2-5 years	174,091	167,391
Bank loans more 5 yr by instal	91,965	137,094
Hire purchase	1,005	8,730
	<u>267,061</u>	<u>313,215</u>

Amounts falling due in more than five years:

Repayable by instalments:		
Bank loans more 5 yr by instal	<u>91,965</u>	<u>137,094</u>

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2016	2015
	£	£
Expiring:		
Within one year	1,000	1,000
Between one and five years	12,004	12,002
	<u>13,004</u>	<u>13,002</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Bank loans	<u>305,379</u>	<u>342,295</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 the company's assets. The school currently has no overdraft facility in place.

The hire purchase liabilities are secured on the assets to which they relate.

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	2016 Total funds £	2015 Total funds £
Fixed assets	3,160,094	1,288	3,161,382	3,173,501
Investments	5,000	109,049	114,049	95,954
Current assets	868,312	11,218	879,530	579,356
Current liabilities	(270,625)	(5,000)	(275,625)	(148,048)
Long term liabilities	(267,061)	-	(267,061)	(313,215)
	<u>3,495,720</u>	<u>116,555</u>	<u>3,612,275</u>	<u>3,387,548</u>

19. MOVEMENT IN FUNDS

	At 1.9.15 £	Net movement in funds £	Transfers between funds £	At 31.8.16 £
Unrestricted funds				
General fund	3,289,914	210,806	(5,000)	3,495,720
Restricted funds				
Bang goes the Borders	1,138	345	-	1,483
Farr-Out Challenge Fund	-	24	-	24
Bursary Fund	92,085	12,730	5,000	109,815
Designated Donation	500	1,288	-	1,788
Trips	3,911	(466)	-	3,445
	<u>97,634</u>	<u>13,921</u>	<u>5,000</u>	<u>116,555</u>
TOTAL FUNDS	<u>3,387,548</u>	<u>224,727</u>	<u>-</u>	<u>3,612,275</u>

ST. MARY'S SCHOOL, MELROSE

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016**

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,896,750	(1,686,309)	365	210,806
Restricted funds				
Bang goes the Borders	5,000	(4,655)	-	345
Farr-Out Challenge Fund	1,000	(976)	-	24
Bursary Fund	-	-	12,730	12,730
Designated Donation	3,324	(2,036)	-	1,288
Trips	13,082	(13,548)	-	(466)
	<u>22,406</u>	<u>(21,215)</u>	<u>12,730</u>	<u>13,921</u>
TOTAL FUNDS	<u>1,919,156</u>	<u>(1,707,524)</u>	<u>13,095</u>	<u>224,727</u>

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 being grown for future sponsorship of pupils qualifying for support. The balance on the fund at the year end comprises investments £109,048 and cash at bank £767.

The Farr out challenge fund was set up to sponsor inter schools competitions events. The balance on the fund at the year end is £24.

Bang Goes the Borders fund was set up to host a science initiative day which is held annually. The first event was held in May 2011 and is growing every year. The balance on the funds at the year end comprises of £5,760 cash at bank, prepaid expenses £723 and deferred income of £5,000.

The Trips fund has been set up in respect of an annual trip to France operated by the school. The fund has cash at bank of £3,445 at the year end.

20. PENSION COMMITMENTS

(a) The charity participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31st March 2012. The next valuation will be as at 31st March 2016 and this will set contribution rates from 1st April 2019.

(b) The charity has no liability for other employers obligations to the multi-employer scheme.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2016

20. PENSION COMMITMENTS
- continued

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d) (i) The scheme is an unfunded multi-employer defined benefit scheme.

(d) (ii) It is accepted that the scheme can be treated for accounting purposes as a defined benefit scheme in circumstances where the charity is unable to identify its share of the underlying assets and liabilities of the scheme.

(d) (iii) The employer contribution rate from 1st April 2015 will be 14.9% of pensionable pay. This increased to 17.2% from 1st September 2015. Whilst the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay.

(d) (iv) At the last valuation a shortfall of £1.3billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers pension contributions for fifteen years from 1st April 2015. This contribution is included in the 17.2% employers contribution rate.

The total pension contributions for teaching staff in the year was £96,877 (2015, £74,526).

21. RELATED PARTY DISCLOSURES

Four governors had children in attendance at the School during the year (2015, four governors). No governors received bursary assistance.