

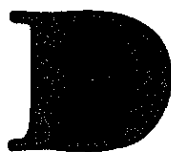
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# FINANCIAL STATEMENTS

for the Year Ended 31 July 1999

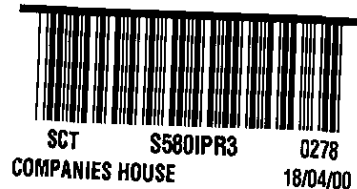
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**St. Mary's School (Melrose) Limited**



**Douglas Home & Co**  
Chartered Accountants

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

**FINANCIAL STATEMENTS**  
**For the year ended 31st July, 1999**

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

**FINANCIAL STATEMENTS**  
**For the year ended 31st July, 1999**

Company Registration Number:	SC 23577
Recognised Charity Number:	SC 009352
Registered Office:	Abbey Park, Melrose, Roxburghshire, TD6 9LN.
Governors:	Lord Sanderson of Bowden (Chairman) D.M.S. Spawforth (Vice-Chairman) The Hon. Lord Abernethy L.A.C. Ashby G.T.G. Baird A.S. Grant P.M.A. Hardie E.J.S. Hogg A.W. Jack R.G. Swan D.M. Whalley
Secretary:	Thomas B. Kerr
Auditors:	Douglas Home & Co., Registered Auditors and Chartered Accountants, 47-49, The Square, Kelso, Roxburghshire, TD5 7HW.
Bankers:	The Royal Bank of Scotland, High Street, Melrose, Roxburghshire, TD6 9PF.

**ST. MARY'S SCHOOL (MELROSE) LIMITED**  
**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, 1999.

**Object**

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

**Principal Activity**

The company operates an independent preparatory school.

**Review of Activities and Financial Position**

A surplus of £41,598 was achieved and transferred to the relevant funds, donations contributing significantly to this figure. The School continues to meet its day to day working capital requirements by means of a bank overdraft.

Jonathan Burt was awarded the E.W. Neish Academic Scholarship and Benjamin Rodger, the School Captain, won an All Round Exhibition both to Clenalmund College. Danny McKerchar won a Music Scholarship and an Honorary All Round Exhibition to Merchiston Castle School.

In sport, our Under 12 girls won the Scottish Hockey Championship and came third in the I.A.P.S Cross Country Championship.

Our new Headmaster has contributed greatly to the music and drama within the School during the year, and following the success of "Arthur of Camelot" further productions are planned.

**Governors**

The Board of Governors determine the general policy of the School. The day to day management of the School is delegated to the Headmaster and the School Treasurer.

The present membership of the Board is set out below. All Governors served throughout the year. G.E. Scott-Watson resigned from the Board on 20th December, 1998.

D.M.S. Spawforth, A.W. Jack and L.A.C. Ashby retire by rotation and, being eligible, offer themselves for re-election.

Lord Sanderson of Bowden (Chairman)	The Hon. Lord Abernethy	L.A.C. Ashby
D.M.S. Spawforth (Vice-Chairman)	A. S. Grant	P.M.A. Hardie
G.T.G. Baird	A.W. Jack	D.M. Whalley
E.J.S. Hogg	R.G. Swan	

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 two terms.

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

**REPORT OF THE GOVERNORS (continued)**

**Governors' 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 company will continue in business.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain its financial position and to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Fixed Assets**

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

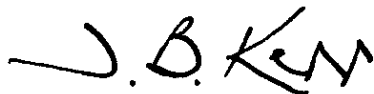
**Auditors**

Douglas Home & Co. offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

**Small Company Exemptions**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**BY ORDER OF THE BOARD**



THOMAS B. KERR,  
Secretary.

17th October, 1999.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF**

### **ST. MARY'S SCHOOL (MELROSE) LIMITED**

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

#### **Respective Responsibilities of Governors and Auditors**

As described on page 2 the company's Governors, who also act as Trustees for the company's charitable activities, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

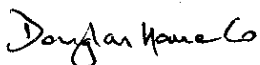
#### **Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs at 31st July, 1999 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

17th October, 1999.

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(incorporating the Income and Expenditure Account)**  
**For the year ended 31st July, 1999**

	Note	Unrestricted Fund £	Restricted Funds £	Total 1999 £	Total 1998 £
<b>Incoming Resources</b>					
Class and Boarding Fees		394,264	-	394,264	368,746
Enrolment Registration Fees		1,400	-	1,400	1,250
Rental Income		6,820	-	6,820	3,480
Donations and Covenants Received		10,896	40,190	51,086	32,871
Investment Income		-	682	682	1,210
Centenary Events Income		242	-	242	264
Net Gain on Disposal of Tangible Fixed Assets		961	-	961	8,071
Net Fundraising		66	128	194	-
<b>Total Incoming Resources</b>		<u>414,649</u>	<u>41,000</u>	<u>455,649</u>	<u>415,892</u>
<b>Resources Expended</b>					
Direct Charitable Expenditure		403,731	5,820	409,551	395,124
Management and Administration		4,500	-	4,500	4,127
<b>Total Resources Expended</b>		<u>408,231</u>	<u>5,820</u>	<u>414,051</u>	<u>399,251</u>
Net Incoming/(Outgoing) Resources before Transfers		6,418	35,180	41,598	16,641
Transfers between Funds		(1,055)	1,055	-	-
Net Incoming/(Outgoing) Resources		<u>5,363</u>	<u>36,235</u>	<u>41,598</u>	<u>16,641</u>
Unrealised Gains on Investments		-	75	75	282
Net Movement in Funds		<u>5,363</u>	<u>36,310</u>	<u>41,673</u>	<u>16,923</u>
Fund Balances Brought Forward		419,905	44,770	464,675	447,752
<b>Fund Balances Carried Forward</b>	9	£ <u>425,268</u> =====	£ <u>81,080</u> =====	£ <u>506,348</u> =====	£ <u>464,675</u> =====

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

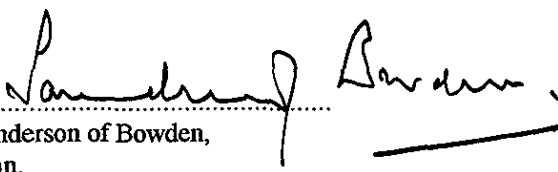
**ST. MARY'S SCHOOL (MELROSE) LIMITED**  
**A Charitable Company Limited by Guarantee**

**BALANCE SHEET**  
**At 31st July, 1999**

	Note	1999 £	1998 £
<b>Fixed Assets</b>			
Tangible Assets	4	<u>755,365</u>	<u>733,592</u>
<b>Current Assets</b>			
Stock		9,492	810
Debtors	5	4,624	5,729
Investments	6	3,753	3,676
Cash at Bank		33,013	39,199
		<u>50,882</u>	<u>49,414</u>
<b>Creditors: Amounts Falling Due Within One Year</b>	7	(266,494)	(284,826)
<b>Net Current Liabilities</b>		<u>(215,612)</u>	<u>(235,412)</u>
<b>Total Assets less Current Liabilities</b>		539,753	498,180
<b>Creditors: Amounts Falling Due After More than One Year</b>	8	(33,405)	(33,505)
<b>Total Net Assets</b>		<u>£ 506,348</u>	<u>£ 464,675</u>
<b>Reserves:</b>			
- <b>Unrestricted Funds</b>			
General Fund	9	425,268	419,905
- <b>Restricted Funds</b>			
Bursary and Prize Fund	9	6,415	6,248
Centenary Debenture Sinking Fund	9	13,000	13,000
Development Campaign Fund	9	32,299	25,522
Designated Donations	9	29,366	-
		<u>£ 506,348</u>	<u>£ 464,675</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Governors on 17th October, 1999.

  
 Lord Sanderson of Bowden,  
 Chairman.

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



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

**PRINCIPAL ACCOUNTING POLICIES**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of heritable property and investments and in accordance with applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice: Accounting by Charities.

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

**Fees and Meal Charges**

Fees and meal charges are the total amount receivable by the company in respect of school fees and outlays and meal charges respectively, and is inclusive of any VAT on outlays.

**Depreciation**

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets, with the exception of heritable land and buildings, over their expected useful lives. The rates and methods generally applicable are:

Fixtures and Fittings	5% reducing balance
Plant and Machinery	25% straight line
Motor Vehicles	25% straight line

The company adopts a policy to maintain its heritable properties to a high standard and their useful economic lives and residual values are therefore such that any depreciation would not be material. Residual values are based upon prices prevailing at the date of acquisition or subsequent valuation.

**Stock**

*Stock is stated at the lower of cost and net realisable value.*

**Contributions to Pension Funds**

- Defined Contribution Scheme

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

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

**PRINCIPAL ACCOUNTING POLICIES (continued)**

**Leased Assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

**Investments**

Following the publication of Statement of Recommended Practice "Accounting by Charities" investments are included at market value.

Realised gains or losses arising from disposals of investments and unrealised net gains are added to or deducted from the appropriate fund.

**Expenditure**

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

- expenditure incurred directly in the fulfilment of the charity's objectives (direct charitable);
- expenditure incurred directly in the effort to raise voluntary contributions (fund-raising and publicity); and
- expenditure incurred in the management and administration of the charity.

**Fund Accounting**

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31st July, 1999**

**1. Resources Expended**

The movement in funds is stated after:

	1999 £	1998 £
Auditors' Remuneration	1,750	1,500
Depreciation - Owned Assets	3,186	8,221
- Assets under Hire Purchase Obligations	6,179	-
Operating Lease Rentals	2,570	2,570
<b>Resources expended</b>	<u>          </u>	<u>          </u>
Staff Costs (included in Direct Charitable Expenses £280,603)	283,223	234,935
Depreciation	9,365	8,221
Bank Interest	16,128	26,850
Other Resources expended	<u>105,335</u>	<u>129,245</u>
	<u>414,051</u>	<u>399,251</u>

The average number of employees during the year was 19 (1998 - 18).

**2. Governors' Remuneration**

The Governors received no remuneration and no expenses were reimbursed during the year (1998 - nil).

The School purchased insurance to indemnify the Governors. The cost of the indemnity insurance was £175.

**3. Taxation**

The Company has been granted charitable status and is exempt from income tax by virtue of Section 505 of the Income and Corporation Taxes Act 1988, and from capital gains tax by virtue of the Capital Gains Tax Act 1979, Section 145.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 1999**

**4. Fixed Assets**

	<b>Heritable Land and Buildings</b>	<b>Fittings and Furniture</b>	<b>Plant and Machinery</b>	<b>Motor Vehicles</b>	<b>Total</b>
	£	£	£	£	£
<b>Cost or Valuation</b>					
At 1st August, 1998	687,635	48,072	18,375	37,931	792,013
Additions	-	5,235	8,474	17,429	31,138
Disposals	-	(360)	-	(25,331)	(25,691)
At 31st July, 1999	<u>687,635</u>	<u>52,947</u>	<u>26,849</u>	<u>30,029</u>	<u>797,460</u>
<b>Depreciation</b>					
At 1st August, 1998	-	16,084	17,006	25,331	58,421
Charge for Year	-	1,863	2,173	5,329	9,365
Disposals	-	(360)	-	(25,331)	(25,691)
At 31st July, 1999	<u>Nil</u>	<u>17,587</u>	<u>19,179</u>	<u>5,329</u>	<u>42,095</u>
<b>Net Book Value</b>					
At 31st July, 1999	<u>687,635</u>	<u>35,360</u>	<u>7,670</u>	<u>24,700</u>	<u>755,365</u>
At 31st July, 1998	<u>687,635</u>	<u>31,988</u>	<u>1,369</u>	<u>12,600</u>	<u>733,592</u>

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

	<b>Heritable Land and Buildings</b>
	1999
	£
At Cost	290,635
At 1991 Valuation	397,000
	<u>£ 687,635</u>
	=====
	1998
	£
	290,635
	397,000
	<u>£ 687,635</u>
	=====

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

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

	<b>Net Book Value</b>		<b>Depreciation Charge for Year</b>	
	1999	1998	1999	1998
	£	£	£	£
Class of Asset				
Plant and Machinery	2,550	-	850	-
Motor Vehicles	<u>24,700</u>	<u>12,600</u>	<u>5,329</u>	<u>-</u>
	=====	=====	=====	=====

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 1999**

**5. Debtors**

	1999 £	1998 £
Trade Debtors	£ 4,624 =====	£ 5,729 =====

**6. Current Asset Investments**

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

	1999 £	1998 £
Bank and Building Society Deposits	1,374	1,372
Listed U.K. Investments:		
Market Value at 1st August, 1998	2,304	2,024
Add Net Gain on Revaluation at 31st July, 1998	75	280
	<u>2,379</u>	<u>2,304</u>
Total Market Value at 31st July, 1999	£ 3,753 =====	£ 3,676 =====
Historical Cost of Listed Investments at 31st July, 1999	£ 1,451 =====	£ 1,451 =====

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

	1999 £	1998 £
Bank Overdraft	241,384	240,131
Hire Purchase Creditor	5,836	2,410
Other Taxes and Social Security	5,766	5,852
Accruals and Deferred Income	13,383	36,308
Loan - Deposited Covenant	125	125
	£ 266,494 =====	£ 284,826 =====

The bank overdraft is secured by a standard security over the school buildings and land and by a bond and floating charge over all of the company's assets. The H.P. creditor is secured on the assets to which it relates.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 1999**

**8. Creditors: Amounts Falling Due After More than One Year**

	1999 £	1998 £
Debenture Loans	1,050	1,075
Centenary Debenture Loans	23,500	23,500
Hire Purchase	8,855	8,930
	£ 33,405 =====	£ 33,505 =====

Debentures bear interest at 2.5% per annum, and are repayable only at the option of the School.

Centenary debentures bear interest at 5% per annum, and are repayable between 1st January, 2000 and 31st December, 2002, the date being at the option of the School.

**9. Funds**

	<u>Restricted</u>				<u>Unrestricted</u>	
	<u>Bursary and Prize £</u>	<u>Development Campaign £</u>	<u>Centenary Debenture Sinking Fund £</u>	<u>Designated Donations £</u>	<u>General Fund £</u>	<u>Total £</u>
At 1st August, 1998	6,248	25,522	13,000	-	419,905	464,675
Net Incoming/Ongoing Resources	92	6,777	-	29,366	5,363	41,598
Unrealised Gain on Investments	75	-	-	-	-	75
At 31st July, 1999	£ 6,415 =====	£ 32,299 =====	£ 13,000 =====	£ 29,366 =====	£ 425,268 =====	£ 506,348 =====

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

Unrealised gains of £168,817 (1998 - £168,817) for tangible fixed assets are included in the General Fund above.

The Bursary and Prize Fund represents monies received to provide prizes during the academic year.

The Development Campaign Fund was set up in 1995 to raise funds towards the provision of new and enhanced school facilities for the use of its pupils and the surrounding community. Distributions from this fund are restricted to projects within the School's Development Plan.

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

Designated Donations are donations received for a specific purpose, either to meet revenue expenditure or provide fixed assets for use by the School. During 1999 money has been received towards computer equipment, the new minibus, to meet the cost of the prospectus, specific repairs and to promote drama and music within the School.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31st July, 1999**

**10. Analysis of Net Assets Between Funds**

	<b>Tangible Fixed Assets £</b>	<b>Net Current Liabilities £</b>	<b>Long Term Liabilities £</b>	<b>Total £</b>
Restricted Funds				
Bursary and Prize Fund	-	6,415	-	6,415
Development Campaign Fund	2,329	29,970	-	32,299
Centenary Debenture Sinking Fund	-	13,000	-	13,000
Designated Donations	18,853	11,886	(1,373)	29,366
	<u>21,182</u>	<u>61,271</u>	<u>(1,373)</u>	<u>81,080</u>
Unrestricted Funds	734,183	(276,883)	(32,032)	425,268
	<u>£ 755,365</u>	<u>£ (215,612)</u>	<u>£ (33,405)</u>	<u>£ 506,348</u>

**11. Pensions**

Certain academic staff are members of the Scottish Teachers Superannuation Scheme. Staff contribute 6% of salary and the participating employer's contribution is 6.9%. The charge included in the financial statements amounts to £7574 being the contributions payable by the School for the year. (1998 - £3,958).

**12. Leasing Commitments**

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

	<b>1999 £</b>	<b>1998 £</b>
Within one year	£ 2,028	-
Between two and five years	£ 542	£ 2,570
	<u>=====</u>	<u>=====</u>

**13. Transactions with Governors**

Five Governors had children in attendance at the School during the year (1998 three Governors). All were charged at full rates.

In 1998 one Governor had an interest in Centenary Debenture Loans and received interest thereon as disclosed in note 8.