

COMPANY REGISTRATION NUMBER: SC119638

CHARITY REGISTRATION NUMBER: SC007157

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Financial Statements**  
**31 July 2021**



**MUIR & ADDY**  
Chartered Accountants  
Muir Building  
427 Holywood Road  
Belfast  
BT4 2LT

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Financial Statements**  
**Year ended 31 July 2021**

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# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report)**

**Year ended 31 July 2021**

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 July 2021.

#### **Reference and administrative details**

**Registered charity name** Drumduan School Limited

**Charity registration number** SC007157

**Company registration number** SC119638

**Principal office and registered office** Drumduan  
Clovenside Road  
Forres  
IV36 2RD

#### **The trustees**

Nicola Catherine Newton  
Cecile Richardson (Resigned 16 November 2020)  
James Stuart Hall

Galen Yarrow Fulford (Resigned 16 November 2020)

Gillian Ross Barrett  
Berent Hendrik Korfer  
Rosemary Seymour Tait

(Served from 26 November 2020 to 15 April 2021)

Graham Barrett (Appointed 28 January 2021)

Lisa Betts (Appointed 26 August 2021)

Niki Lewin

**Company secretary** Dorna Khorramzdeh

**Independent examiner** Paul Leathem FCA of Muir & Addy Chartered Accountants  
Muir Building  
427 Holywood Road  
Belfast  
BT4 2LT

#### **Structure, governance and management**

##### **Change of name**

The name of the company was changed on 3 August 2016 from the Moray Steiner School Limited to Drumduan School Limited.

##### **Governing document**

Drumduan School Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 19 July 1989. It is registered as a charity with the Scottish Charity Regulator (Reference number SC007157).

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 July 2021**

#### **Structure, governance and management *(continued)***

##### **Recruitment and appointment of trustees**

Under the requirements of the Memorandum and Articles of Association, one third of the Trustees stand down at each AGM. They are of course permitted to present themselves for reappointment, and in the interests of continuity this is often approved. The Trustees have a mix of skills including educational, management, financial, PR, and business.

In the event that the appointment of an additional Trustee is deemed desirable, the members will be made aware of this, and the Trustees will also search outside of the school community for appropriate candidates.

##### **Trustees induction and training**

Most new Trustees are already familiar with the work of the charity, but they are encouraged to attend suitable training courses to familiarise themselves with both this work and the general responsibilities of a Trustee.

##### **Organisation**

The Trustees are legally responsible for the running of the school, but on a daily basis they delegate responsibility for managing the school to the Core Group.

The Core Group is an advisory and decision-making group which consists of the Business Manager and teaching representation from each area of the school.

##### **Risk management**

The Business Manager and Trustees have carried out a review of the major risks to which the charity might be exposed, and, where appropriate, have put in place or are putting in place, systems and controls to mitigate the effects of these risks. This risk assessment is documented within the school business plan, which is held by the Business Manager.

#### **Objectives and activities**

##### **Objectives**

The Company was established to advance and develop the educational and social ideas of Dr Rudolf Steiner. Given that these ideas were formulated over one hundred years ago, the company recognises that interpretations have to be found that are compatible with more modern times. The Company also recognises that a fully-rounded education system will always integrate ideas and influences from other sources.

##### **Activities**

The main activity of the Company remains the operation of an educational campus that caters for children from ages 3 to 19.

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 July 2021**

#### **Achievements and performance**

##### **Financial Performance**

The current board has continued to work extremely hard, throughout this school year, to build a solid and sustainable financial footing where the fees generated cover the budgetary requirements of the school.

Expenses for the school have been stringently vetted to ensure that only essential spend is authorised and the budget and cashflow were monitored and reported to Trustees monthly by the book-keeper.

However, Trustees remain aware that, in order to ensure the long-term success of the school, it is essential to ensure that the quality of educational provision is maintained and targeted improvements are undertaken in order to maintain and grow the school roll.

With this in mind, it has been necessary to make investments in additional staffing. A new post for Class 1 was required, plus an additional post to meet the English and Humanities needs of the growing Upper School. An on-call, part-time post was created in order to ensure that our Child Protection responsibilities are properly met. Additionally, an increase of 125% in cleaning staff hours was required in order to address cleaning and sanitisation requirements resultant from Covid 19. These additional requirements have led to an increase of over £68k in staffing costs and a resultant £4K in additional staff discount.

In order to meet the additional costs, without placing an unreasonable fee burden on parents, it was necessary to set an initial budget which showed a projected year-end operational deficit of £41k, which could, if necessary, be covered by the bounce back loan. The strategy was to continue to grow the school roll, in order to address the deficit and place the school in a strong financial position, going forward.

While the school roll has grown steadily, beyond the numbers necessary to cover the deficit, many students' start dates were delayed due to COVID-19 restrictions. Consequently, the resultant financial benefit from this significant growth will not be incurred until the 2021/2022 school year. The furlough scheme was accessed, where possible, but the financial benefit from this was significantly reduced from the previous year as the school worked hard to remain open to students for the majority of the year. Furthermore, grants and donations dropped by over £52k. As a consequence, the Trustees must report an operational loss of £65,196 for this financial year.

It is important to note that this amount has not resulted in debt as the school had the necessary financial assets to cover this. In addition, the 25% increase in school roll achieved during this year has resulted in a positive financial position going forward. This evidences that the balanced strategy of controlled growth, utilised by Trustees, is effective and in the best long-term interest, educationally and financially, of Drumduan School.

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 July 2021**

#### **Financial review**

##### **Results for the year**

The income for the year was £421,002 (2020: £422,684). Taking into account the depreciation on assets, the result for the year was a deficit of £65,196 (2020: deficit of £225,124).

While a financial deficit is always concerning, it is important to note that the 25% growth in school roll, achieved during this financial year, will result in the 2021/2022 financial year becoming the 'break-even point' for Drumduan School, while still facilitating additional growth and development. Projections indicate that profits will then increase, year-on-year, enabling the planned buy-back of Drumduan House from Ekopia Social Investments Ltd. within the 5 year period outlined in the original sale agreement.

##### **Reserves policy**

The Trustees have examined the charity's requirement for reserves in light of the main risks to the funding of the organisation. Unrestricted income funds at 31 July 2021 were £150,599 of which £4,237 could be classified as free reserves. Unrestricted reserves are needed to sustain the day-to-day operations of the school so it is important to note that the school also has access to the £50,000 bounceback loan, which is not due for full repayment till 2029. This gives an actual available reserve figure of £54,237. The Trustees consider the ideal level of reserves to meet the running costs for a period of 3 months to be in the region of £120,000. The Trustees will aim to increase the unrestricted reserves in future years through fundraising, and through gradually increasing the school roll while simultaneously controlling costs and credit.

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 July 2021**

#### **Plans for future periods**

There remains a significant marketing opportunity for Drumduan School, created by the Covid-19 pandemic. As a nation, we continue to develop a greater awareness of the importance of a strong nature connection and understanding of our ecological impact. People continue to re-evaluate their life choices and, more than ever, are open to trying something that has, in our country, been seen as less conventional. The opportunities for home working have seen a marked increase in families relocating from cities to rural environments as they are no-longer restricted by their employment.

Drumduan Upper School remains a key factor in developing financial sustainability for Drumduan School: it offers a unique selling point as few Steiner Schools offer education up to age 18. In order to address reported concerns with regards to a need for a recognised accreditation, Drumduan School has identified the Acknowledging Creative Thinking Skills (ACTS) qualification as the most compatible with our Upper School Programme. ACTS offers the students a wide range of options within the current curriculum and, importantly for some families, it offers a direct route to university, if that is what the student wishes. Drumduan School helps young people to develop into the best version of themselves and we are working hard to ensure that they have the broadest possible range of options available to them when they leave. Upper School Staff will monitor the implementation and development of the ACTS accreditation within the Upper School and update both the Core Group and the Board on the challenges and opportunities that present. The Board are proud to report that Drumduan School will be involved in the ongoing development of, and among the first schools in the country to implement, the level 3 ACTS accreditations.

The Board are in the process of applying to Moray Council to have the Upper School temporary planning permission extended so that we can invest further in the sustainability, functionality and quality of the buildings. Once the necessary planning permission has been secured, the staff and students in upper school, with support from appropriate professionals when required, will undertake a significant building project to upgrade the current accommodation.

The Board further intend to begin early consultation on the long term plans with regards to both the Upper School and how best to meet the accommodation needs of the whole school in the long term.

The Board also plan to review the energy efficiency options that may be advantageous, and environmentally sound, for the school. Funding will be sought via grants and donations and, where possible and appropriate, the whole school community will be involved in instigating appropriate measures.

Following discussions with Moray Council, the board are delighted to be able to offer our youngest students, who meet the national criteria, fully funded places within the kindergarten, extending our offering to 1140hours and providing lunches as required. In order to achieve this, it has been necessary to employ additional staffing to cover these hours and, while the staffing ratio would allow us to increase provision by 4 places, this is not possible due to limited space. While we work to increase spatial capacity, as part of the whole school review, the kindergartens will carry an operational loss of £20k for the year. Moray Council have provided a £20k grant to support sustainability for the coming year and indicated that, should it be necessary, this may be available for one further year. The Board's aim is to offer kindergarten and early years provision for 2 groups of 16 children for a minimum of 1140 hours. Trustees and staff will work, throughout this year, to identify and evaluate options and to progress this aim.

The Board is delighted to have been able to increase the hours of the Finance Manager Role, at no additional cost to the school, by making this role a staff position. This will facilitate a significant increase in detailed financial reporting while also introducing a more structured and effective system of addressing non-payment of fees. The early identification and resolution of any financial challenges and opportunities will be a key asset in effectively managing finances, going forward.

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Trustees' Annual Report (Incorporating the Director's Report) *(continued)***

**Year ended 31 July 2021**

In line with the Board's strategy of stringently vetting expenditure, while optimising the quality of educational provision, the Board will continue to review the developmental and staffing requirements of the school. Any further additional staffing will only be recruited when the finances are in place to cover the costs: it is essential, going forward, to build on financial reserves and create stability and security for the school.

In previous petitions to the Scottish Government, with regards to the discrimination evidenced within the current funding for education in Scotland, the Minister's response cited the lack of qualitative evidence, in the form of accreditation, as being a significant barrier to funding provision. As the ACTS implementation clearly addresses this issue, it is the intention of the Board to, once again, petition the Scottish Government to provide equivalent 'per capita' funding for students whose families feel that their educational needs are best met through provision a Steiner curriculum. The Board are aware of the reluctance, within the government, to provide funding out-with mainstream provision. However, Drumduan's case remains valid and has a strong basis for argument, therefore the Board will continue to petition the government as a positive outcome would truly enhance accessibility of educational choice for families in Moray.


Having ended the 2020 year with a deficit of £225,124, it is encouraging to have reached the 2021 year-end with 25% growth in the school roll, significant assets, a deficit of less than a third of the previous year and a projected break even point in the coming year. With solid financial planning and efficient utilisation of funding opportunities, combined with effective marketing of the excellent, innovative and highly relevant curriculum on offer at Drumduan School, the board is looking forward to a period of growth and increasing financial security in the coming year.

#### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 10 March 2022 and signed on behalf of the board of trustees by:

Nicola Catherine Newton  
Trustee





# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Independent Examiner's Report to the Trustees of Drumduan School Limited**

**Year ended 31 July 2021**

I report to the trustees on my examination of the financial statements of Drumduan School Limited ('the charity') for the year ended 31 July 2021.

#### **Responsibilities and basis of report**

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 ('the 2005 Act'), the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006 ('the 2006 Act'). You are satisfied that the accounts of the company are not required by charity or company law to be audited and have chosen instead to have an independent examination.

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts carried out under section 44(1)(c) of the 2005 Act. In carrying out my examination I have followed the requirements of Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### **Independent examiner's statement - matter of concern identified**

Since the charity is required by company law to prepare its accounts on an accruals basis and is registered as a charity in Scotland your examiner must be a member of a body listed in Regulation 11(2) of the Charities Accounts (Scotland) Regulations 2006 (as amended). I can confirm that I am qualified to undertake the examination because I am a registered member of Chartered Accountants Ireland which is one of the listed bodies.

In forming my opinion on the financial statements, I have considered the adequacy of the disclosure made in Note 28 to the financial statements concerning the company's ability to continue as a going concern. Although the company incurred a deficit of £65,196 for the year ended 31 July 2021, the Trustees are confident that the school will return to profitability in the near future, and are satisfied that it is appropriate to prepare the financial statements on a going concern basis. I consider that this matter should be brought to your attention, but my opinion is not qualified in this respect.

I confirm that no other matters have come to my attention in connection with my examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act, section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; or
2. the financial statements do not accord with those records or with the accounting requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

**Drumduan School Limited**

**Company Limited by Guarantee**

**Independent Examiner's Report to the Trustees of Drumduan School Limited**  
(continued)

**Year ended 31 July 2021**

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.



Paul Leathem FCA of  
Muir & Addy Chartered Accountants  
Independent Examiner  
Muir Building  
427 Holywood Road  
Belfast  
BT4 2LT

10 March 2022

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Statement of Financial Activities**  
**(including income and expenditure account)**  
**Year ended 31 July 2021**

		2021		2020
		Unrestricted		
	Note	funds	Total funds	Total funds
		£	£	£
<b>Income and endowments</b>				
Donations and grants	5	52,688	<b>52,688</b>	105,253
Charitable activities	6	327,694	<b>327,694</b>	259,170
Other trading activities	7	4,243	<b>4,243</b>	527
Investment income	8	3	<b>3</b>	3
Other income	9	36,374	<b>36,374</b>	57,731
<b>Total income</b>		<u>421,002</u>	<u><b>421,002</b></u>	<u>422,684</u>
<b>Expenditure</b>				
Expenditure on charitable activities	10,11	486,198	<b>486,198</b>	408,843
Other expenditure	13	–	–	238,965
<b>Total expenditure</b>		<u>486,198</u>	<u><b>486,198</b></u>	<u>647,808</u>
<b>Net expenditure and net movement in funds</b>		<u>(65,196)</u>	<u><b>(65,196)</b></u>	<u>(225,124)</u>
<b>Reconciliation of funds</b>				
Total funds brought forward		215,795	<b>215,795</b>	440,919
<b>Total funds carried forward</b>		<u>150,599</u>	<u><b>150,599</b></u>	<u>215,795</u>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.

The notes on pages 13 to 22 form part of these financial statements.

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Statement of Financial Position**

**31 July 2021**

	Note	2021 £	£	2020 £
<b>Fixed assets</b>				
Tangible fixed assets	18		146,362	150,443
<b>Current assets</b>				
Stocks	19	4,500		4,500
Debtors	20	41,662		15,135
Cash at bank and in hand		51,322		103,041
		<u>97,484</u>		<u>122,676</u>
<b>Creditors: amounts falling due within one year</b>	21	<u>43,247</u>		<u>7,324</u>
<b>Net current assets</b>			<u>54,237</u>	<u>115,352</u>
<b>Total assets less current liabilities</b>			<u>200,599</u>	<u>265,795</u>
<b>Creditors: amounts falling due after more than one year</b>	22		<u>50,000</u>	<u>50,000</u>
<b>Net assets</b>			<u>150,599</u>	<u>215,795</u>
<b>Funds of the charity</b>				
Unrestricted funds:				
Revaluation reserve		60,000		60,000
Other unrestricted income funds		<u>90,599</u>		<u>155,795</u>
<b>Total unrestricted funds</b>		<u>150,599</u>		<u>215,795</u>
<b>Total charity funds</b>	24		<u>150,599</u>	<u>215,795</u>

For the year ending 31 July 2021 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The statement of financial position  
continues on the following page.

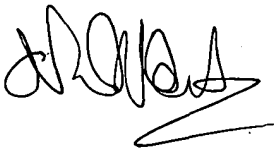
The notes on pages 13 to 22 form part of these financial statements.

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Statement of Financial Position** *(continued)*

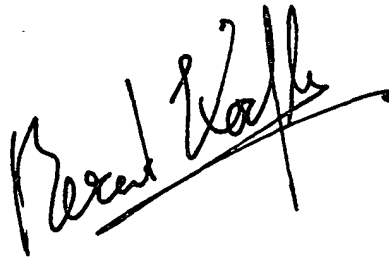
**31 July 2021**

These financial statements were approved by the board of trustees and authorised for issue on 10 March 2022, and are signed on behalf of the board by:

Nicola Catherine Newton  
Trustee



Berent Hendrik Korfker  
Trustee



The notes on pages 13 to 22 form part of these financial statements.

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Statement of Cash Flows**  
**Year ended 31 July 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net expenditure	(65,196)	(225,124)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	6,211	5,936
Other interest receivable and similar income	(3)	(3)
Interest payable and similar charges	806	8,082
Loss on disposal of tangible fixed assets	–	238,965
Accrued expenses/(income)	18,065	(28,747)
<i>Changes in:</i>		
Trade and other debtors	(26,527)	8,451
Trade and other creditors	17,858	(321,476)
Cash generated from operations	(48,786)	(313,916)
Interest paid	(806)	(8,082)
Interest received	3	3
Net cash used in operating activities	<u>(49,589)</u>	<u>(321,995)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(2,130)	–
Proceeds from sale of tangible assets	–	390,047
Net cash (used in)/from investing activities	<u>(2,130)</u>	<u>390,047</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	–	50,000
Net cash from financing activities	<u>–</u>	<u>50,000</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(51,719)</b>	<b>118,052</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>103,041</b>	<b>(15,011)</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>51,322</u></b>	<b><u>103,041</u></b>

The notes on pages 13 to 22 form part of these financial statements.

**Drumduan School Limited**  
**Company Limited by Guarantee**  
**Notes to the Financial Statements**  
**Year ended 31 July 2021**

**1. General information**

The charity is a public benefit entity and a private company limited by guarantee, registered in Scotland and a registered charity in Scotland. The address of the registered office is Drumduan, Clovenside Road, Forres, IV36 2RD.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Going concern**

There are no material uncertainties about the charity's ability to continue.

**Fund accounting**

The company is responsible for various types of funds which require separate disclosure as follows:

**Unrestricted funds** - funds which are expendable at the discretion of the trustees in the furtherance of the objects of the charity.

**Designated funds** - funds set aside by the trustees for a specific purpose.

**Restricted funds** - funds earmarked by the donor for a specific purpose.

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements** *(continued)*

#### **Year ended 31 July 2021**

#### **3. Accounting policies** *(continued)*

##### **Incoming resources**

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

##### **Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

##### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.



# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 July 2021**

#### **3. Accounting policies *(continued)***

##### **Tangible assets *(continued)***

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Property	-	4% straight line
Fixtures and fittings	-	15% reducing balance
Motor vehicles	-	25% reducing balance
Books and equipment	-	15% reducing balance

##### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

##### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

##### **Financial instruments**

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

# **Drumduan School Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year ended 31 July 2021**

#### **3. Accounting policies *(continued)***

##### **Financial instruments *(continued)***

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

##### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

#### **4. Limited by guarantee**

Drumduan School Limited is a company limited by guarantee not having a share capital.

According to the Memorandum of Association of the company every member undertakes to contribute to the assets of the company in the event of its being wound up while he/she is a member, or within one year afterwards, for payment of the debts and liabilities of the company contracted before the time at which he/she ceases to be a member and of the costs, charges and expenses of winding up of the same, and for the adjustment of the rights of the contributories amongst themselves, such as may be required not exceeding £1.

# Drumduan School Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

#### 5. Donations and grants

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
<b>Donations</b>				
Donations	16,657	<b>16,657</b>	62,024	62,024
<b>Grants</b>				
Pre-school Kindergarten grants	36,031	<b>36,031</b>	43,229	43,229
	<u>52,688</u>	<u><b>52,688</b></u>	<u>105,253</u>	<u>105,253</u>

#### 6. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Parental contributions	<u>327,694</u>	<u><b>327,694</b></u>	<u>259,170</u>	<u>259,170</u>

#### 7. Other trading activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Fundraising events	<u>4,243</u>	<u><b>4,243</b></u>	<u>527</u>	<u>527</u>

#### 8. Investment income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Bank interest receivable	<u>3</u>	<u><b>3</b></u>	<u>3</u>	<u>3</u>

#### 9. Other income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Other income	18,724	<b>18,724</b>	34,458	34,458
JRS grants	<u>17,650</u>	<u><b>17,650</b></u>	<u>23,273</u>	<u>23,273</u>
	<u>36,374</u>	<u><b>36,374</b></u>	<u>57,731</u>	<u>57,731</u>

# Drumduan School Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

#### 10. Expenditure on charitable activities by fund type

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Educational costs	289,546	<b>289,546</b>	216,236	216,236
Administration costs	116,014	<b>116,014</b>	112,063	112,063
Premises costs	77,431	<b>77,431</b>	70,061	70,061
Support costs	3,207	<b>3,207</b>	10,483	10,483
	<u>486,198</u>	<u><b>486,198</b></u>	<u>408,843</u>	<u>408,843</u>

#### 11. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	Total funds 2021	Total fund 2020
	£	£	£	£
Educational costs	289,546	—	<b>289,546</b>	216,236
Administration costs	116,014	—	<b>116,014</b>	112,063
Premises costs	77,431	—	<b>77,431</b>	70,061
Governance costs	—	3,207	<b>3,207</b>	10,483
	<u>482,991</u>	<u>3,207</u>	<u><b>486,198</b></u>	<u>408,843</u>

#### 12. Bursaries

Student bursaries amounting to £27,000 were awarded during the year. In addition to these bursaries, discounts of £50,000 were given in respect of fees for the children of members of the teaching staff attending the school.

#### 13. Other expenditure

	Unrestricted Funds	Total Funds 2021	Unrestricted Funds	Total Funds 2020
	£	£	£	£
Loss on disposal of tangible fixed assets held for charity's own use	—	—	238,965	238,965
	<u>—</u>	<u>—</u>	<u>238,965</u>	<u>238,965</u>

#### 14. Net expenditure

Net expenditure is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	<b>6,211</b>	5,936
Loss on disposal of tangible fixed assets	—	238,965
	<u>6,211</u>	<u>238,965</u>

# Drumduan School Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

#### 15. Independent examination fees

	2021 £	2020 £
Fees payable to the independent examiner for:		
Independent examination of the financial statements	2,400	2,400
Other financial services	1,200	1,200
	<u>3,600</u>	<u>3,600</u>

#### 16. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2021 £	2020 £
Wages and salaries	326,393	264,843
Social security costs	14,080	11,163
Employer contributions to pension plans	4,797	381
	<u>345,270</u>	<u>276,387</u>

The average head count of employees during the year was 24 (2020: 18). The average number of full-time equivalent employees during the year is analysed as follows:

	2021 No.	2020 No.
Teaching and administrative staff	<u>18</u>	<u>16</u>

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

#### Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £32,356 (2020: £31,664).

#### 17. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

# Drumduan School Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 July 2021

#### 18. Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 August 2020	146,938	47,477	1,602	26,612	<b>222,629</b>
Additions	—	1,831	—	299	<b>2,130</b>
<b>At 31 July 2021</b>	<b>146,938</b>	<b>49,308</b>	<b>1,602</b>	<b>26,911</b>	<b>224,759</b>
<b>Depreciation</b>					
At 1 August 2020	10,430	35,888	1,027	24,841	<b>72,186</b>
Charge for the year	3,477	2,320	102	312	<b>6,211</b>
<b>At 31 July 2021</b>	<b>13,907</b>	<b>38,208</b>	<b>1,129</b>	<b>25,153</b>	<b>78,397</b>
<b>Carrying amount</b>					
<b>At 31 July 2021</b>	<b>133,031</b>	<b>11,100</b>	<b>473</b>	<b>1,758</b>	<b>146,362</b>
At 31 July 2020	136,508	11,589	575	1,771	150,443

Land and buildings includes land with a value of £60,000. The land was valued at 31 July 2020 at open market value. The valuation was carried out by the trustees, none of whom have any formal relevant qualifications, but have previous experience of valuing property.

#### 19. Stocks

	2021 £	2020 £
Raw materials and consumables	<b>4,500</b>	<b>4,500</b>

#### 20. Debtors

	2021 £	2020 £
Trade debtors	<b>41,662</b>	<b>15,135</b>

#### 21. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	<b>19,582</b>	<b>1,724</b>
Accruals and deferred income	<b>23,665</b>	<b>5,600</b>
	<b>43,247</b>	<b>7,324</b>

#### 22. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	<b>50,000</b>	<b>50,000</b>

# Drumduan School Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 31 July 2021

#### 23. Pensions and other post retirement benefits

##### Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £4,797 (2020: £381).

#### 24. Analysis of charitable funds

##### Unrestricted funds

	At 1 August 2020	Income	Expenditure	Transfers	At 31 July 2021
	£	£	£	£	£
General funds	152,810	421,002	(484,934)	–	<b>88,878</b>
Music fund	2,985	–	(1,264)	–	<b>1,721</b>
Revaluation reserve	60,000	–	–	–	<b>60,000</b>
	<u>215,795</u>	<u>421,002</u>	<u>(486,198)</u>	<u>–</u>	<u><b>150,599</b></u>

	At 1 August 2019	Income	Expenditure	Transfers	At 31 July 2020
	£	£	£	£	£
General funds	(124,444)	419,699	(647,808)	505,363	152,810
Music fund	–	2,985	–	–	2,985
Revaluation reserve	565,363	–	–	(505,363)	60,000
	<u>440,919</u>	<u>422,684</u>	<u>(647,808)</u>	<u>–</u>	<u>215,795</u>

#### 25. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2021
	£	£
Tangible fixed assets	146,362	<b>146,362</b>
Current assets	97,484	<b>97,484</b>
Creditors less than 1 year	(43,247)	<b>(43,247)</b>
Creditors greater than 1 year	(50,000)	<b>(50,000)</b>
<b>Net assets</b>	<u>150,599</u>	<u><b>150,599</b></u>

	Unrestricted Funds	Total Funds 2020
	£	£
Tangible fixed assets	150,443	150,443
Current assets	122,676	122,676
Creditors less than 1 year	(7,324)	(7,324)
Creditors greater than 1 year	(50,000)	(50,000)
<b>Net assets</b>	<u>215,795</u>	<u>215,795</u>

# Drumduan School Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 31 July 2021

#### 26. Analysis of changes in net debt

	At 1 Aug 2020	Cash flows	At 31 Jul 2021
	£	£	£
Cash at bank and in hand	103,041	(51,719)	51,322
Debt due after one year	(50,000)	—	(50,000)
	<u>53,041</u>	<u>(51,719)</u>	<u>1,322</u>

#### 27. Related parties

The school was under the control of the board of directors (trustees) throughout the current and previous year.

Payments totalling £34,734 were made to 4 trustees (Nicola Catherine Newton, Cecile Richardson, Gillian Ross Barrett and Lisa Betts) for teaching and administrative services provided to the school.

#### 28. Going concern

The school incurred a deficit of £65,196 for the year ended 31 July 2021. However, the 25% growth achieved in the school roll by the end of this period will result in a significant increase in income for the 2021-2022 year. The Trustees are confident that the school will return to profitability in the near future, and are satisfied that it is appropriate to prepare the financial statements on a going concern basis.