

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
Annual report
for the year ended 31 August 2011

Charity number - 517523

Registered Number - 2010493

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Queen Margaret's School, York Limited **(A Company Limited by Guarantee)**

Annual report **for the year ended 31 August 2011**

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Queen Margaret's School, York Limited (A Company Limited by Guarantee)

DIRECTORS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2011

The Queen Margaret's School Governors are the Charity Trustees and directors of Queen Margaret's School, York Limited and have all served throughout the year unless otherwise indicated

They are

Directors

Mrs E Carnegie-Brown (Chairman) (appointed 31st March 2011)

Mrs E Bell

C D Forbes Adam DL

Mrs C M Gooder

J B Horsley (resigned 29th March 2011)

R L Hudson (resigned 13th June 2011)

T S Kettlewell

The Hon Mrs Justice Eleanor King DBE

N T Lambert

Mrs Victoria Mather (resigned 13th June 2011)

Miss E Pearson

The Duchess of Rutland

F A Scott

D T Sheppard

I Small

D Ward

Clerk to the Governors and company secretary

M D Oakley Esq

Officers of the School

Headmaster

Dr P R Silverwood MA (Cantab) MSc PhD QTS CChem MRSC

Deputy Head

Mrs C Cameron BA (Reading) MA (Open) PGCE NPQH FRGS

Bursar

Mrs E S Raper BSc (Nottingham) ACA

Registered Office

Escrick Park

York

YO19 6EU

Queen Margaret's School, York Limited (A Company Limited by Guarantee)

Advisers

Auditors

PricewaterhouseCoopers LLP
2 Humber Quays
Wellington Street West
Hull
HU1 2BN

Bankers

Yorkshire Bank plc
46 Coney Street
York
YO1 1NQ

Solicitors

Addleshaw Goddard & Co
Sovereign House
South Parade
Leeds
LS1 1EQ

Crombie Wilkinson
Forsyth House
Market Place
Malton
North Yorkshire
YO17 7LR

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REPORT OF THE GOVERNORS FOR THE YEAR ENDED 31 AUGUST 2011

The Governors, who are also directors of the Company for the purpose of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 August 2011

The information with respect to Governors, directors, officers and advisers set out on pages 1 and 2 forms part of this report. The financial statements comply with the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005, the Charities Act 1993 and the Companies Act 2006

REFERENCE AND ADMINISTRATIVE INFORMATION

Status and administration

Queen Margaret's School ("the School") is a charitable company limited by guarantee (company registered number 2010493) and a charity registered with the Charity Commission (charity registered number 517523). The Governors, executive officers and principal address of the School are as listed on page 1. Details of the School's professional advisers are given on page 2.

The Board is a self-appointing body. A normal term of office is expected to be for three years. At each Annual General Meeting ('AGM') one-third of the Governing Body retire by rotation, with those Governors with the longest period since their last appointment retiring first. Retiring Governors can stand for re-election for a further term in office, with no limit placed on the number of times that a Governor can be re-elected. In addition, any Governor appointed at a meeting other than an AGM has to stand for re-election at the next AGM. Membership of the Executive committee is by rotation of the Governors, with the period of service expected to be between two and three years.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The School's governing documents are its Memorandum and Articles of Association dated 15 April 1986 and last reviewed and updated on 12 May 2005.

Governing bodies

The main School Board meets three times a year. The Executive Committee reports directly to the main Board and operates under specific terms of reference which delegate certain functions from the governing Board. Membership of the Executive Committee consists of around one-third of the main Board of Governors and it meets on at least seven occasions during the year. Decisions of the Executive Committee are ratified by the main Board.

Recruitment and training of Governors

The School's Governors are elected at any one of three full Board meetings during the year on the basis of recommendations received from a panel of existing Governors. All Governors are encouraged to make proposals as to potential new Board members. The Board seeks to achieve a balanced membership and

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appointments are made from a wide range of professions. A significant number of Governors are current and past parents of children at the School.

New Governors are provided with a range of information in relation to the workings of the School and the responsibilities of becoming a charity trustee. The agreed list of information that is provided is a combination of official Charity Commission and School documents. The opportunity to attend training by industry competent bodies is offered frequently and Governors are encouraged to attend.

Organisational management

The main School Governors, as trustees of the School, are legally responsible for the overall management and control of the School. The work of implementing most of the strategies and policies as set by the main School Board is undertaken by the Executive Committee. The Executive Committee is chaired by the Chairman of the main School Board. The day to day running of the School is delegated to the Headmaster, who is supported by his senior leadership team. Of that team, the Deputy Head and the Bursar along with the Headmaster report to and attend the main School Board and Executive meetings.

Financial accounts are prepared on a termly basis by the Bursar and are reviewed and approved by the Executive Committee and then the main School Board. Similarly the annual budget is reviewed by the Executive Committee before being presented to the main School Board.

Group structure and relationships

The School has one wholly owned charitable subsidiary, Queen Margaret's School (York) Charitable Fund, and one wholly owned dormant company, Queen Margaret's School (York) 1997 Limited. The activities of the School's subsidiaries are disclosed in note 9 to the financial statements.

The School seeks to promote the highest standards of achievement through education in the Independent Schools sector. To further this aim, the School has membership of a number of relevant bodies, such as the Independent Schools Council, the Girls' Schools Association and the Boarding Schools Association. We also co-operate with many local charities and community groups to widen public access to the schooling and facilities that we can provide, predominantly in an educational context. The School also has healthy relationships with both the Parents and Friends' Association and the Old Margaretians' Association.

Risk management

To assist the Governors with the management of the risks faced by the School, there is a Risk Management Group ("RMG"), comprising three Governors and one senior staff member. The RMG has previously conducted its own review of the major strategic, business and operational risks to which the School and the group are exposed. Systems have been established to mitigate those risks and procedures are in place to minimise any potential impact on the School and the group should any of those risks materialise. As part of an ongoing monitoring process, the Executive Committee regularly discuss aspects of risk management at its regular meetings held throughout the year.

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OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable objects

The objects of the Charity as contained in the Memorandum of Association are the advancement of education generally and in particular the education and training of pupils at Queen Margaret's School, York.

Public benefit aims and intended impact

The School's primary public benefit aim as an educational charity for children is to provide an excellent education service independent of the maintained sector. The School seeks to provide an environment which encourages the creative arts and physical exercise to flourish in tandem with the pursuit of academic excellence. The intention is to encourage each child to develop and fulfil their potential in a manner that will build self-confidence along with an underlying desire to contribute to the wider community in which we live.

In furtherance of these aims the Queen Margaret's School Governors, as trustees of the charity, have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

Objectives for the year

This year the School's key objectives have been to, achieve excellent academic performance whilst at the same time developing well balanced and rounded individuals, further widen access to the education that we provide, and to promote greater educational use of the facilities by community and other groups when not otherwise being used by the School.

Strategies to achieve these objectives

Strategies in place include an ongoing review of the academic syllabus, the use of internal and external benchmarks coupled with independent value added programmes to help identify areas that require improvement, the strong emphasis on the development of sporting, artistic and social skills, a commitment to increase opportunities for children from disadvantaged backgrounds, facilitation of wider community access to our facilities.

Principal activities

The School's principal activity is the provision of education to girls aged between 11 and 18 at its site at Escrick. This year the School averaged 306 (2010 - 296) pupils of whom 259 (2010 - 261) were boarders.

The value of scholarships, grants and other awards made out of unrestricted funds to pupils at the School amounted to £782,250 which benefited 149 girls. The School's policies regarding grants and bursaries enable the Governors to grant fee remissions based upon any one of the following reasons, educational potential, musical ability, artistic aptitude, academic excellence, sporting prowess, financial hardship, daughter of an employee, presence of a sibling. The Governors' commitment to the provision of financial assistance to relieve hardship where a girl's education and future prospects would otherwise

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be at risk is evidenced by an increase of over a third in the absolute level of means tested awards when compared to the prior year

REVIEW OF ACHIEVEMENTS AND PERFORMANCE

Operational performance

There was an outstanding performance in public examinations with the achievements of 86% of grades being A* - B at A2-Level and 84% achieving A* - B at GCSE, these were the second best results on record and the girls all met their ambitions for future education

Pupil numbers were increased in the year and, with continued focus on returning the school to previous levels, it is pleasing to note that the school roll at 1 September 2011 was 339. Early signs are that this growth will continue into 2012/13, ahead of the schedule that was set two years ago.

The School's facilities continue to be utilised by an ever-widening cross section of the community with many fee rates lower than commercial levels and, in some cases, activities being staged in return for nominal sums.

There are many factors relevant to the performance of the School. Of those that are within our control, the issue that has the most bearing on our success or otherwise is undoubtedly the high quality of our staff. Of those factors that are outside our control, we are fortunate to be able to count upon the continued dedication of our pupils, their parents and the school's alumni in striving to help achieve our objectives.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The School reported a deficit of £886,799 which, when added to the results of the Charitable Fund company produced a consolidated deficit of £884,371. A deficit was anticipated when the budget for the year was set, investment in both our staff and facilities was considered fundamental in ensuring pupil numbers continue to grow and that we are able to continue to meet our objectives.

The deficit was larger than planned however, primarily due to the higher than expected cost of catering, in January 2012 this function was brought in-house. The school continued to operate within its borrowing facility.

Regular donations to the Charitable Fund company have all but ceased. The Fund does receive occasional one-off donations and bequests. As a result this year it has only contributed £2,107 to incoming resources.

Investment powers

Investment powers are governed by the Company's Memorandum and Articles of Association, which permit the investment of the Company's moneys not immediately required for its purposes in such investments, securities or property as the Governors think fit.

Reserves policy

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent educational services to its pupils. As a result, the majority of the School's reserves are invested

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in tangible fixed assets. The Governors' policy is to maintain the reserves at a minimum of the current levels, with a view to reducing indebtedness in a controlled and measured manner. In order to achieve this, the Governors are aware that future surpluses will need to be generated such that the School can meet the financing of the bank borrowings, make repayments of capital in accordance with the terms of the bank facility and fund appropriate capital expenditure to maintain and improve the School's operational environment. The Governors will continue to monitor and review their policy on reserves in conjunction with the Company's indebtedness.

The School has one designated fund which forms part of the Charity's unrestricted funds. This fund is used to provide fee remissions for girls at the School.

The School's policy on restricted funds is to record separately donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the School's overall objectives. These restricted funds currently attract income in the form of interest by means of a reduction in the School's borrowing facility. The Governors, in consultation with the donors of the money, continue to evaluate the best way to make appropriate use of these restricted funds.

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FUTURE PLANS

The Governors, the Headmaster and the Senior Management team are committed to work towards achieving the following objectives in the year to come

- To continue to ensure that every girl in the school reaches her full potential, both academically and personally and in any in any area of interest, be it sport, music, drama, dance or art.
- To continue the development of the school's comprehensive enrichment and extension programme and to ensure that all girls – including those who are especially able and those with special educational needs – are enabled to achieve their maximum potential
- Having delivered results in excess of the plans set out in last year's accounts in respect of the growth in the number of girls attending the school, to continue that recruitment process and to maintain the school at full capacity
- To continue to ensure that the school complies with best practice in all spheres of its activities and is compliant with (and where appropriate exceeds) the National Minimum Standards for Boarding Schools
- To continue to invest prudently in the infrastructure of the school in accordance with an agreed plan of work to ensure that the best possible facilities are provided for present and future pupils
- To ensure that our ICT provision is as modern and integrated as possible to reflect the increasing use of technology in the home and in the workplace
- To review, consult upon and develop the school's appraisal, performance management and personal development systems so as to produce optimum outcomes for both pupils and staff
- To review comprehensively the school's governance structure and implement such changes as are thought desirable to deliver enhanced governance
- To continue with the development of plans to enhance the school's bursary and fee remission schemes so as to ensure that, as far as possible, girls who would benefit from the first class all round education that Queen Margaret's provides are enabled to do so irrespective of any financial constraints
- To deliver value for money in the current difficult financial climate and to continue to manage the school's finances so as to protect and enhance the future security of the school
- To broaden and strengthen opportunities in language learning by introducing Mandarin and Arabic into the curriculum alongside the present study of French, Spanish, German, Latin and Greek.
- To further develop a programme of visiting speakers and experts to enhance learning and debate
- To develop and promote the choral traditions of the school with the introduction of choral scholarships
- To produce a sustainability policy dealing with all environmental matters and in particular waste management and to develop an implementation plan in respect of that policy over the next five years
- To develop further the process by which best use is made of available academic data to enhance personal target setting for girls at all stages of their education

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STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the Governors' report and the audited financial statements in accordance with applicable law and regulations

Company law requires the Governors to prepare audited financial statements for each financial year. Under that law the Governors have elected to prepare the audited financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Governors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the group for that period. In preparing these audited financial statements, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

So far as each trustee is aware, there is no relevant audit information of which the Charity Company's auditors are unaware. Relevant information is defined as "information needed by the Charitable Company's auditors in connection with preparing their report".

Each trustee has taken all steps (such as making enquiries of other trustees and the auditors and any other steps required by the trustee's duty to exercise due care, skill and diligence) that he/she ought to have taken in his/her duty as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charitable Company's auditors are aware of that information.

Auditors

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board of Governors on 22 June 2012
and signed on its behalf by



Mrs Emma Carnegie-Brown

Queen Margaret's School, York Limited (A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QUEEN MARGARET'S SCHOOL, YORK LIMITED

We have audited the group and parent charity financial statements ("the financial statements") of Queen Margaret's School, York Limited for the year ended 31 August 2011 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Principal Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 8, the Trustees' (who are also the Governors' and 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 auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with 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.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and 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 Governors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2011, and of the group's incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993

Opinion on other matter prescribed by the Companies Act 2006

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

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 Act 1993 require us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company 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.

AR Blackwell

Anthony Blackwell (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Leeds

25/6/12

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Consolidated statement of financial activities for the year ended
31 August 2011

		2011		2010
	Note	Unrestricted funds	Restricted funds	Total
		£	£	£
Incoming resources				
<i>From charitable activities</i>				
School fees	1	6,458,281		6,458,281
Other income	3	35,981		35,981
<i>From generated funds</i>				
Commission and lettings income	3	72,692		72,692
Trading income		466		466
<i>Interest receivable</i>		3,257	2,557	5,814
<i>Donations</i>		309		309
Total incoming resources		6,570,986	2,557	6,573,543
Resources expended				
<i>Costs of generating funds</i>				
Trading expenses		303		303
Financing costs – interest		110,425		110,425
Agency fees		36,578		36,578
		147,306		147,306
<i>Charitable expenditure</i>				
Tuition and associated costs		7,291,008		7,291,008
Governance costs	7	19,600		19,600
Total charitable expenditure		7,310,608		7,310,608
Total resources expended	6	7,457,914		7,457,914
Net (outgoing)/incoming resources		(886,928)	2,557	(884,371)
Fund balances at 31 August 2010		6,635,984	85,254	6,721,238
Fund balances at 31 August 2011	18	5,749,056	87,811	5,836,867

All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

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**Consolidated summary income and expenditure account for the
year ended 31 August 2011**

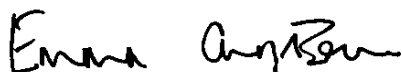
	2011	2010
	£	£
Gross charitable income	6,494,571	6,283,342
Non-charitable trading income	73,158	20,300
	6,567,729	6,303,642
Charitable expenditure	(7,347,186)	(6,817,701)
Non-charitable trading expenditure	(303)	(285)
Net deficit before interest	(779,760)	(514,344)
Interest payable	(110,425)	(88,663)
Interest receivable	5,814	4,712
Net deficit of income over expenditure for the year	(884,371)	(598,295)

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Consolidated and Company balance sheets as at 31 August 2011

	Note	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Fixed assets					
Tangible assets	8	10,532,471	10,559,657	10,532,471	10,559,657
Investments	9	-	-	1	1
		10,532,471	10,559,657	10,532,472	10,559,658
Current assets					
Stocks - goods for resale		58,441	49,933	57,667	48,856
Debtors	10	338,508	265,889	337,723	265,173
Cash at bank and in hand		3,517	4,369	2,998	1,590
		400,466	320,191	398,388	315,619
Creditors - amounts falling due within one year	11	(2,117,520)	(1,196,948)	(2,116,920)	(1,196,361)
Net current liabilities		(1,717,054)	(876,757)	(1,718,532)	(880,742)
Total assets less current liabilities		8,815,417	9,682,900	8,813,940	9,678,916
Creditors - amounts falling due after more than one year	12	(2,978,550)	(2,961,662)	(2,978,550)	(2,961,662)
Net assets		5,836,867	6,721,238	5,835,390	6,717,254
Restricted funds	18	87,811	85,254	87,811	85,254
Unrestricted funds - includes revaluation reserve of £736,280 (2010 - £757,936)	18	5,749,056	6,635,984	5,747,579	6,632,000
Total Funds	18	5,836,867	6,721,238	5,835,390	6,717,254

The financial statements on pages 12 to 32 were approved by the board of Governors on 22 June 2012 and were signed on its behalf by



Mrs Emma Carnegie-Brown

Director

Queen Margaret's School, York Limited
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Consolidated cash flow statement for the year ended 31 August 2011

	Note	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operations	A		345,013		251,805
Returns on investments and servicing of finance					
Interest received		5,814		2,677	
Interest paid		(110,425)		(86,628)	
			(104,611)		(83,951)
Capital expenditure and financial investment					
Receipt from sale of fixed asset			-		500
Payment for tangible fixed assets			(516,842)		(351,237)
Net cash outflow			(276,440)		(182,883)
Financing: advance fees scheme and bank loans					
Receipts from new contracts		133,770		145,340	
Amounts utilised and repaid		(190,281)		(320,261)	
Bank facility utilised		332,099		340,022	
Cash inflow from financing			275,588		165,101
Net cash outflow for the year			(852)		(17,782)
Cash outflow relating to increase in debt			(332,099)		(340,022)
Movement in net debt in the year			(332,951)		(357,804)
Net debt at 31 August 2010			(2,556,200)		(2,198,396)
Net debt at 31 August 2011	B		(2,889,151)		(2,556,200)

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Notes to the consolidated cash flow statement for the year ended
31 August 2011

A Reconciliation of group net (outgoing)/incoming resources to net cash inflow from operations

	2011	2010
	£	£
Net outgoing resources	(884,371)	(598,295)
Interest receivable	(5,814)	(4,712)
Financing costs	110,425	88,663
Depreciation charges	544,028	533,652
(Increase)/decrease in stocks	(8,508)	(13,389)
Decrease/(increase) in debtors	(72,619)	103,624
Increase in creditors	661,872	142,262
Net cash inflow from operations	345,013	251,805

B Analysis of changes in net debt

	At 31 August 2010 £	Cash flows £	Other movement £	At 31 August 2011 £
Cash at bank and in hand	4,369	(852)	-	3,517
Debt due after one year	(2,560,569)	(332,099)	-	(2,892,668)
	(2,556,200)	(332,951)	-	(2,889,151)

Queen Margaret's School, York Limited (A Company Limited by Guarantee)

Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, the historical cost convention, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and the Charities Act 1993. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Group accounts

These financial statements consolidate the results of the Charity and its wholly-owned subsidiary Queen Margaret's School (York) Charitable Fund on a line by line basis, from the date of acquisition. As permitted by section 408 of the Companies Act 2006, and by paragraph 397 of the Statement of Recommended Practice 2005, the Company's Statement of Financial Activities has not been included within these financial statements.

Fees and similar income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the School from its unrestricted funds.

Donations and fund accounting

Donations are credited to revenue on a receivable basis. Donations received for the general purposes of the Charity are included as unrestricted funds. Donations for activities restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Governors.

Pension schemes

The Company operates a defined contribution scheme for non-academic staff. Contributions are charged to the statement of financial activities in the period in which they are payable.

Members of the academic staff belong to the Teachers' Pension Scheme ("TPS"), which is a multi-employer defined benefit scheme. Contributions are charged to the statement of financial activities as if the TPS were a defined contribution scheme.

School buildings and equipment

Land is not depreciated. Depreciation of other assets is provided at rates calculated to write off the excess of cost over estimated residual amount evenly over the estimated useful economic lives of each class of asset, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost.

These rates are currently as follows:

Freehold buildings	2% and 5%
Plant and equipment	15%
Fixtures and fittings	15%
Motor vehicles	25%

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Stock

Stock is carried at the lower of cost and net realisable value

Advance fees scheme

The School offers parents the opportunity to pay a lump sum in advance which is then offset against future tuition fees. A discount is received and allocated against each future term's payment in accordance with a written contract. Amounts received by the School as part of this scheme are upheld as creditor balances until the fee bill for the appropriate term is due for payment. At that point the fees due are billed to the parent and taken to income. The corresponding amount as previously purchased under the scheme is offset against the liability due and the discount as allocated is charged to the income and expenditure account.

Grants and bursaries

Grants and bursaries are included as expenditure in the period for which the award is given. Bursaries and allowances from unrestricted funds towards School fees are treated as a reduction in those fees.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs 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 the resources. Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, as is appropriate.

Governance costs

Governance costs include expenditure on administration of the Charity and compliance with constitutional and statutory requirements, including audit and legal fees.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Fund accounting

Unrestricted funds are those available for use at the discretion of the Governors in furtherance of the general objectives of the Charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. Restricted funds are funds which are to be used in accordance with specific restrictions. Investment income and gains are allocated to the appropriate fund.

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Notes to the financial statements for the year ended 31 August 2011

1 School fees

The School's fee income comprised

	2011 £	2010 £
Gross fees	7,240,531	6,798,404
Less total bursaries, grants and allowances	(782,250)	(592,794)
	6,458,281	6,205,610

2 Income from subsidiary's trading activities

The Charity's subsidiary, Queen Margaret's School (York) Charitable Fund, a registered charity, sells promotional goods relating to the School and accounts for funds raised through appeals organised on behalf of the School. Its results for the year, as extracted from the audited financial statements, are summarised below

	2011 £	2010 £
Gross charitable income	309	564
Non-charitable trading income	466	348
	775	912
Grant payable to parent undertaking	(2,378)	(18,802)
Charitable expenditure	(600)	(588)
Non-charitable trading expenditure	(303)	(285)
Net deficit before interest	(2,506)	(18,763)
Interest receivable	-	12
Net deficit of income to expenditure for the year	(2,506)	(18,751)

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3 Other income

	2011	2010
	£	£
From charitable activities		
Summer language school	-	44,287
Registration fees & other miscellaneous activities	35,981	32,881
	35,981	77,168
From generated funds		
Lettings and other income	72,692	19,952

4 Net (outgoing)/incoming resources

Net (outgoing)/incoming resources are stated after charging

	2011	2010
	£	£
Depreciation	544,028	533,652
Auditors' remuneration.		
For audit services	12,600	12,495
Operating lease charges		
Land and buildings	86,374	76,714
Interest paid		
Bank interest	107,867	86,628
Transfer to restricted funds	2,557	2,035

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5 Employee information

	2011	2010
	£	£
Total staff costs comprised.		
Wages and salaries	3,918,808	3,692,005
Social security costs	309,089	285,858
Pension contributions	424,710	392,384
	4,652,607	4,370,247
	Number	Number
The average number of full time equivalent employees at the School is,		
Education	66	65
Services	11	13
Support	13	10
Welfare	37	34
	127	122

The number of higher paid employees earning over £60,000 was

	2011	2010
	Number	Number
£100,001 - £110,000	1	1
£60,001 - £70,000	1	1

Contributions were made to the Teachers' Pension Scheme, which is a defined benefit scheme, in respect of all of the employees noted above

No Governors received any remuneration from the group during the year (2010 £Nil) Four (2010 three) Governors have received reimbursements totalling £784 (2010 £1,991) for out of pocket travel expenses incurred in the process of undertaking their duties as governors

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6 Analysis of total resources expended

	2011			2010	
	Staff	Other	Depreciation	Total	Total
	£	£	£	£	£
Charitable activities					
Teaching	3,111,397	263,850	287,960	3,663,207	3,415,993
Welfare	887,668	1,094,796	-	1,982,464	1,755,899
Premises	305,060	413,656	254,601	973,317	1,009,280
Support costs	348,482	322,071	1,467	672,020	588,719
Governance costs	-	19,600	-	19,600	22,642
	4,652,607	2,113,973	544,028	7,310,608	6,792,533
Costs of generating funds					
Financing costs - interest payable	-	110,425	-	110,425	88,663
Agency fees	-	36,578	-	36,578	25,168
Total for charity	4,652,607	2,260,976	544,028	7,457,611	6,906,364
Trading costs of the subsidiary	-	303	-	303	285
Total for group	4,652,607	2,261,279	544,028	7,457,914	6,906,649

7 Governance costs

	2011	2010
	£	£
Auditors' remuneration - audit services	12,600	12,495
Legal and professional fees	7,000	7,062
Other costs	-	3,085
	19,600	22,642

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8 Tangible fixed assets

Group and company	Freehold buildings £	Motor vehicles £	Fixtures and fittings £	Plant and equipment £	Group total £
Cost or valuation					
1 September 2010	12,056,120	50,406	3,799,187	56,994	15,962,707
Additions	128,532	-	388,310	-	516,842
Disposals	-	-	-	-	-
31 August 2011	12,184,652	50,406	4,187,497	56,994	16,479,549
Depreciation					
1 September 2010	2,499,674	45,393	2,808,609	49,374	5,403,050
Charge for the year	249,354	1,467	287,960	5,247	544,028
Disposals	-	-	-	-	-
31 August 2011	2,749,028	46,860	3,096,569	54,621	5,947,078
Net book values					
31 August 2011	9,435,624	3,546	1,090,928	2,373	10,532,471
31 August 2010	9,556,446	5,013	990,578	7,620	10,559,657
Cost or valuation comprises					
Cost	8,424,652	50,406	4,187,497	56,994	12,719,549
Valuation 1996	3,760,000	-	-	-	3,760,000
	12,184,652	50,406	4,187,497	56,994	16,479,549

	2011 £	2010 £
Historic cost and depreciation		
Historic cost of freehold land and buildings	11,140,62	11,012,093
Historic accumulated depreciation of freehold land and buildings	2,447,152	2,219,454

The Company has previously adopted the transitional provisions of Financial Reporting Standard No 15 – Tangible Fixed Assets. As a result no future revaluations will be carried out and previous surpluses have been retained.

Queen Margaret's School, York Limited (A Company Limited by Guarantee)

9 Investments

	Subsidiary undertakings £
31 August 2010 and 31 August 2011 at cost	1

	Country of incorporation	Proportion of shares held	Nature of business
Subsidiary undertakings			
Queen Margaret's School (York) Charitable Fund	England	-	Fundraising
Queen Margaret's School (York) 1997 Limited	England	100%	Dormant

Queen Margaret's School (York) Charitable Fund is a company limited by guarantee and is classified as a subsidiary undertaking under the definition laid down by the Statement of Recommended Practice "Accounting and Reporting by Charities" issued by the Charity Commissioners. The only activity within the Company has been the receipt of funds for use by the School to further its charitable objectives.

	2011 £	2010 £
The assets and liabilities of Queen Margaret's School (York) Charitable Fund were		
Current assets	2,078	4,572
Creditors amounts falling due within one year	(600)	(588)
	1,478	3,984
Representing		
Accumulated funds - unrestricted	1,478	3,984

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10 Debtors

	Group 2011	Group 2010	Company 2011	Company 2010
	£	£	£	£
School fees	208,089	163,201	208,089	163,201
Other debtors	36,440	27,823	35,655	27,107
Prepayments	93,979	74,865	93,979	74,865
	338,508	265,889	337,723	265,173

11 Creditors: amounts falling due within one year

	Group 2011	Group 2010	Company 2011	Company 2010
	£	£	£	£
Fees received in advance	686,643	464,835	686,643	464,835
Trade creditors	552,521	190,320	551,921	189,733
Taxation and social security	94,165	83,807	94,165	83,807
Final term deposits	39,477	29,964	39,477	29,964
Accruals	256,769	150,847	256,769	150,847
Other creditors	42,265	95,016	42,265	95,016
Bank facility	225,000	-	225,000	-
Advance fees scheme (note 13)	220,680	182,159	220,680	182,159
	2,117,520	1,196,948	2,116,920	1,196,361

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12 Creditors: amounts falling due after more than one year

	2011	2010
	£	£
Group and company		
Bank facility	1,667,668	1,560,569
Bank loan	1,000,000	1,000,000
Advance fees scheme (note 13)	158,002	253,034
Final term deposits	152,880	134,981
Other creditor	-	13,078
	2,978,550	2,961,662

	2011	2010
	£	£
Due after 1 year		
Long term bank facility		
1 - 2 years	239,500	225,000
2 - 5 years	810,000	765,000
Over 5 years	618,668	570,569
	1,667,668	1,560,569

The long term bank facility is a flexible facility that has a maximum indebtedness limit that is reviewed annually. At 31 August 2011, the maximum limit was £2,595,000. Interest is charged at Yorkshire Bank base rate plus a margin and early repayment can be made without penalty.

The bank loan of £1,000,000 is a fixed rate interest only loan that falls due for repayment in full on 24 December 2018. The total interest cost associated with the loan is 6.06% per annum.

The bank facility and loan is secured on the freehold land and buildings of the School and represents 8.2% of the value of these assets.

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13 Advance fees scheme

Parents may enter into a contract to pay to the School up to the equivalent of seven years' tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. On the assumption that all such pupils will remain in the School until at least the expiry of their advance fee scheme agreements, the fees purchased in advance will be applied as follows

	2011 £	2010 £
Within 1 year	220,680	182,159
Within 1 to 2 years	131,668	160,031
Within 2 to 5 years	26,334	93,003
Over 5 years	-	-
	378,682	435,193

The balance represents the accrued liability under the contracts. The movements during the year were

	£	
Balance at 1 September 2010	435,193	649,667
New contracts	133,770	145,340
Amounts utilised		
Transfer to other creditors	-	(39,553)
Payment of fees to the School	(190,281)	(320,261)
Balance at 31 August 2011	378,682	435,193

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14 Accumulated fund - unrestricted (excluding revaluation reserve)

	2011	2010
	£	£
Group		
31 August 2010	5,150,991	5,766,735
Net (outgoing)/incoming resources	(886,928)	(600,330)
Transfer to Bursary fund	(202,290)	(192,665)
Transfer from Bursary fund	164,799	155,595
Transfer from revaluation reserve	21,656	21,656
31 August 2011	4,248,228	5,150,991
Company		
31 August 2010	5,147,007	5,759,385
Net (outgoing)/incoming resources	(886,799)	(600,381)
Donation from Queen Margaret's School (York) Charitable Fund	2,378	3,417
Transfer to Bursary fund	(202,290)	(192,665)
Transfer from Bursary fund	164,799	155,595
Transfer from revaluation reserve	21,656	21,656
31 August 2011	4,246,751	5,147,007

15 Revaluation reserve - unrestricted

Group and company	2011	2010
	£	£
31 August 2010	757,936	779,592
Transfer to accumulated fund	(21,656)	(21,656)
31 August 2011	736,280	757,936

The revaluation reserve is part of the accumulated unrestricted funds, representing the surplus on revaluation of the School's premises. Annually a sum equivalent to the depreciation charge on the surplus is transferred to the accumulated funds.

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16 Bursary fund – unrestricted (designated)

Group and company	2011	2010
	£	£
31 August 2010	727,057	689,987
Awards made from Bursary Fund	202,290	(155,595)
Transfer from accumulated fund	(164,799)	192,665
31 August 2011	764,548	727,057

The Bursary Fund was set up in 1995 to help fund the School's fee remission scheme. Awards are made from and amounts are transferred to the fund annually in relation to the scheme.

17 Bursary funds – restricted

Group	2011	2010
	£	£
31 August 2010	85,254	83,219
Interest earned	2,557	2,035
31 August 2011	87,811	85,254
Company		
31 August 2010	85,254	67,834
Donation received	-	15,385
Interest earned	2,557	2,035
31 August 2011	87,811	85,254

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18 Reconciliation of funds

	Unrestricted funds			Restricted fund
	Accumulated funds - including revaluation reserve	Bursary fund - designated	Total	Bursary funds - restricted
	£	£	£	£
Group				
31 August 2010	5,908,927	727,057	6,635,984	85,254
Incoming resources	6,570,986	-	6,570,986	2,557
Expenditure, gains, losses and transfers	(7,495,405)	37,491	(7,457,914)	-
31 August 2011	4,984,508	764,548	5,749,056	87,811
Unrestricted funds				5,749,056
Restricted funds				87,811
Total funds				5,836,867

	Unrestricted funds			Restricted fund
	Accumulated funds - including revaluation reserve	Bursary fund - designated	Total	Bursary funds - restricted
	£	£	£	£
Company				
31 August 2010	5,904,943	727,057	6,632,000	85,254
Incoming resources	6,572,590	-	6,572,590	2,557
Expenditure, gains, losses and transfers	(7,494,502)	37,491	(7,457,011)	-
31 August 2011	4,983,031	764,548	5,747,579	87,811
Unrestricted funds				5,747,579
Restricted funds				87,811
Total funds				5,835,390

Queen Margaret's School, York Limited (A Company Limited by Guarantee)

19 Analysis of net assets between funds

The net assets are held for the various funds as follows

Group	Fixed assets	Net current assets/(liabilities)	Long term liabilities	Total
	£	£	£	£
Restricted funds	-	87,811	-	87,811
Unrestricted funds	10,532,471	(1,579,865)	(3,203,550)	5,749,056
	10,532,471	(1,492,054)	(3,203,550)	5,836,867

Company	Fixed assets	Net current assets/(liabilities)	Long term liabilities	Total
	£	£	£	£
Restricted funds	-	87,811	-	87,811
Unrestricted funds	10,532,472	(1,581,343)	(3,203,550)	5,747,579
	10,532,472	(1,493,532)	(3,203,550)	5,835,390

20 Pensions

There are two pension schemes in operation for employees of the School. These are a defined contribution scheme for non-academic staff (the Queen Margaret's School Group Personal Pension Plan) and the Teachers' Pension Scheme, ("TPS"), a defined benefit pension scheme

The total pension cost to the Company for the year was £424,710 (2010 £392,384) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary

The assets of the defined contribution scheme are held separately from those of the Company in independently administered funds. The charge to the statement of financial activities represents contributions payable by the Company to the funds

Teachers' Pension Scheme ("TPS")

The TPS is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates

Under definitions set out in Financial Reporting Standard No 17 - Retirement Benefits ("FRS 17"), the TPS is a multi-employer pension scheme. The School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme

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The School has set out below information available on the scheme and the implications for the School in terms of the anticipated contribution rates

The pension cost is assessed in accordance with the advice of the government actuary. The most recent report by the government actuary was issued in October 2006 and covered the period 1 April 2001 to 31 March 2004. The valuation statement as at 31 March 2004 revealed that the total liabilities of the Scheme (the estimated cost of past and future service benefits of existing members) amounted to £164,490 million.

The value of scheme assets at 31 March 2004 stood at £162,650 million, representing a funding level of 98.88%. The next valuation of the Scheme by the Government Actuary due to be prepared as at 31 March 2008 has not yet been published. The current total contribution rate of 20.5% of gross salary is split between employer (14.1%) and employee (6.4%). From 1 April 2012, employee contributions will be tiered from 6.4% to 8.8% dependant on salary. There are currently no changes proposed to the rate of employer contributions.

The actuarial review assumed that the real rate of return on the notional investment is 3.5% in excess of price increases and 2% in excess of general earnings increases, therefore assuming a rate of real earnings growth of 1.5%. The assumed long-term gross rate of return is 6.5%.

21 Financial commitments

Operating lease commitments

At 31 August 2011 the company had annual commitments under non-cancellable operating leases which expire as follows:

	Land and buildings	
	2011	2010
	£	£
Within one year	16,866	12,740
Within two to five years	42,210	32,030
After five years	21,140	35,200
	80,216	79,970

22 Capital

The School is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the Company to meet its liabilities if called upon to do so. The members are also directors of the company.

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23 Related parties

Seven directors (2010 eight) of the School who held office for at least part of the year had daughters enrolled at the School for the whole of the year. The fees charged in respect of their daughters' education are at the normal, arm's length rates.

Two directors had daughters who received bursaries, sibling discounts and scholarships.

Daughters at school		Total of bursaries, sibling discounts and scholarships	
2011	2010	2011	2010
2	3	£10,189	£13,237
3	2	£14,152	£6,624

Two directors had daughters who received sibling discounts.

Daughters at school		Total of sibling discounts	
2011	2010	2011	2010
1			
2	1	£1,220	£0
3	3	£3,659	£1,161

Mr C D Forbes Adam (Director) has rental income of £79,740 (2010 £76,714) from the School in relation to property and land in which he or his immediate family has an interest. A net prepayment of £452 (2010 £820 prepayment) existed at the balance sheet date.

The directors consider that no other disclosures are required under Financial Reporting Standard No 8 - Related Party Disclosures.

