

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
Annual report
for the year ended 31 August 2016

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 2016

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DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2016

The Governors of Queen Margaret's School ("the School") are the School's charity trustees under charity law and are the directors of the charitable company, Queen Margaret's School, York Limited. The members of the Board of Governors who served in office during the year are detailed below. All served throughout the year unless otherwise indicated. All are members of the main Board and also of one of the Board's committees as indicated.

GOVERNORS

Chairman of the Board

Mrs E Carnegie-Brown (Pastoral Committee) (until 02 July 2016)

Mrs C J Bayliss (Education Committee) (from 02 July 2016)

Business Committee

D Maddan (Chairman)

N F H Corner

Miss E M Pearson

Development Committee

F A Scott (Chairman) (Vice-Chairman of the Board)

Mrs C M Gooder (resigned 02 July 2016)

Mrs A M Morley

R C W Miller

Education Committee

Mrs D W Davidson (Chairman) (resigned 23 May 2016)

D Parker

N T Lambert (resigned 02 July 2016)

Mrs C J Bayliss (from 14 March 2016)

Pastoral Committee

M D Oakley (Chairman)

Mrs K Preston

Mrs E Carnegie-Brown

Dr E J Peart (from 14 March 2016)

Officers of the School

Head

Mrs J M Miles MA (Oxon) PGCE

Bursar

Mrs E S Raper BSc (Nottingham) ACA

Clerk to the Governors

Mr DT King LLB

Principal Address and Registered Office

Escrick Park

York

YO19 6EU

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

Auditors

Crowe Clark Whitehill LLP
The Lexicon
Mount Street
Manchester
M2 5NT

Bankers

Yorkshire Bank plc
46 Coney Street
York
YO1 1NQ

Solicitors

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

Insurers

Marsh Brokers Ltd
Education Practice
Capital House
1-5 Perrymount Road
Haywards Heath
West Sussex
R16 3SY

Website

www.queenmargarets.com

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HEAD'S REPORT

Having completed my first full year as Head of Queen Margaret's I am delighted to be writing the foreword to these accounts, and I am indebted to the entire QM community for all the support and commitment that they have shown over the past year. It is due to their dedication and focus that the School came through the ISI Compliance Inspection in April with flying colours.

The School continues to flourish in all areas of School life, however, there is no room for complacency and my Senior Leadership Team and indeed the whole staff body work hard throughout the year to ensure that Queen Margaret's is one of the leading girls' schools in the country. This year sees the launch of the QM Diploma, a bespoke enrichment programme for our Sixth Formers which will provide opportunities for them to develop their soft skills, and our diverse activities programme throughout the School continues to evolve. The relationship with our feeder prep schools has developed significantly and there has been much progress made towards the setting up of the QM Foundation whereby we will be able to provide more bursaries for families who would not otherwise be able to send their daughters to QM.

It is only right and fitting that I express here my profound gratitude to Emma Carnegie-Brown who this July stepped down from her role as Chairman to the Governors after five years of distinguished service. The support that Emma gave me over my first four terms in post as Head of Queen Margaret's was quite magnificent. I am delighted that Caroline Bayliss is now our Chairman and I am already enjoying working with her immensely. As always I would like to thank all the Board for their support and sound governance over the past year. This school would not be what it is without them.

Jessica Miles
Head

Queen Margaret's School, York Limited

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The Board of Governors of Queen Margaret's School presents its Annual Report for the year ended 31 August 2016 under the Charities Act 2011, including the Directors' and Strategic Reports under the Companies Act 2006, together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The School was founded in Scarborough in 1901. Until 1986 the School was part of the Woodard Foundation, in that year the School became an independent entity. It is constituted as a company limited by guarantee registered in England, No. 2010493, and is registered with the Charity Commission under Charity No. 517523.

Details of the members of the Board of Governors, together with the School's officers and principal advisors are set out on pages 1 and 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

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 Body

The Board of Governors is a self-appointing body. The number of governors serving on the Board is not subject to any maximum but is required to be not fewer than three. At each Annual General Meeting ('AGM') one-third of the Board of Governors retire by rotation, with those Governors with the longest period in office since their last appointment retiring first. In addition, all new Governors appointed at or in the period since the last AGM hold office only until the next following AGM and if not reappointed at that AGM are required to vacate office at the end of the meeting.

Retiring Governors may 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. However, the expectation in practice is that a Governor, other than the Chairman, will serve two terms only and will, in any event, place his or her resignation at the disposal of the Chairman at the end of the second term.

Recruitment and Training of Governors

New members of the Board are elected on the basis of nominations from the Governors based on the candidates' professional qualities and experience. The Board conducts regular audits of the skill sets represented on the Board to ensure that there is a balanced membership with an appropriate range of skills and experience. A balance is maintained between Governors who are current parents and those who are not.

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 information that is provided is a combination of official Charity Commission and School documents. The opportunity to attend training by industry competent bodies, including the Association of Governing Bodies of Independent Schools, is offered and Governors are encouraged to, and do, attend. The Clerk to the Governors maintains a record of training received.

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Organisational Management

Each Governor is made a member of one of four committees: Education, Pastoral, Development, and Business, with each Committee having defined terms of reference. These committees meet once each term and are attended by representatives of the Senior Leadership Team (as to which see below) and other members of the School community as appropriate. The main Board continues to meet once each term; these full Board meetings being preceded by the meetings of each of the four committees.

The Education Committee considers the School's academic offering and outcomes together with the provision made by the School to ensure the spiritual, moral, social and cultural development of girls in the School. It approves the curriculum and the plan of day and sets academic targets for both results and, importantly, the value added to be achieved by the School and monitors delivery of these. It spends a similar amount of time reviewing the provision made for the girls outside the classroom. The Education Committee is chaired by David Parker.

The Pastoral Committee concerns itself with all aspects of pastoral care in the School with a strong focus on safeguarding girls. It receives termly reports from the Designated Safeguarding Lead and annually reviews, inter alia, the School's Safeguarding, Counter Bullying and girls' Discipline Policies. It also has responsibility for all aspects of the School's boarding provision including weekend activities. The Pastoral Committee is chaired by Kate Preston.

The Development Committee maintains a strong focus on such areas as the marketing of the School and ensuring that there is an efficient and effective recruitment and admissions process. It also looks to ensure that there is appropriate forward planning; that the School has a clear, deliverable strategic plan that is regularly reviewed and updated. It leads on areas such as alumni relationships and relationships with friends of the School. The Development Committee is chaired by Alex Scott.

The Business Committee's primary focus is the financial and business management of the School, scrutinising and reporting to the Board on annual budgets and monitoring performance. It also carries out regular reviews of the major risks to which the School is exposed, which are carried out in accordance with the School's Risk Review Policy. The Business Committee is chaired by David Maddan.

Day to day running of the School is delegated to the Head supported by the Bursar, the Deputy Head and the Clerk to the Governors (who also acts as Director of Administration and Compliance); together this group are the key management personnel. In this year they were supported by the Directors of Studies, Enrichment and Extension, Marketing and Admissions and Boarding; the group together making up the Head's Senior Leadership Team.

The Board sets the salaries of the key management personnel directly. The Board sets funding levels and provides direction as to remuneration of the remainder of the staff, having regard to the overall financial position of the School, whilst leaving an element of discretion to the Head as to how individual roles are remunerated and how any fund allocated for salary increases is applied. The policy objective in doing so is one of ensuring that the School can attract and retain staff members who deliver excellence whatever their role and are proud and happy to work at the School. The Board gives careful consideration to benchmarking data including appropriate comparisons with other independent schools to make sure that levels of staffing and staff remuneration do not become significantly out of line with those prevailing elsewhere.

The role of the Head and the Senior Leadership team and the performance of the School staff are key to ensuring delivery of the Board's strategic vision for the School. Staff costs are, inevitably, the largest single element of the School's charitable expenditure.

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Employment Policy

The School's Recruitment Policy, which is available on its website, makes it clear that the School is committed to operating fair recruitment practices that will avoid discrimination on the grounds of race, age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, religion or belief, sex or sexual orientation. A transparent and open recruitment process is followed with the scope for reasonable adjustment to ensure parity of treatment for all applicants.

Bi-termly staff meetings are held at which staff members are invited to set the agenda, to facilitate open communication. Two staff representatives have recently been elected and are able to act as the voice of the staff room. Weekly staff briefing meetings are held each Monday in term time with the minutes of those meetings being distributed to all staff by email. Before the start of each term reports are given to staff members at a staff meeting that includes information about changes to policies, whole staff training together with the financial and economic performance of the School. In recent years this has been attended and addressed by the Chairman of the Board at the start of the School year.

Investment Policy

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.

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. The School has a policy of making available both means tested bursaries and Head's awards to ensure that, as far as reasonably possible girls who would benefit from a Queen Margaret's education and who will contribute to the School are able to do so. The Board gives careful consideration to the obligations placed upon the School by the Charity Act 2011 and the need to provide public benefit and has ensured that the School's performance in that regard is assessed in the light of the guidance provided by the Charity Commission on public benefit and on fee charging.

Aims

The overall aims of the School continue to be that, taking advantage of a rich and complementary programme of studies and activities, the girls will:

- achieve excellence inside and outside the classroom
- develop an enthusiasm for independent thought, learning and research
- grow with emotional maturity, social awareness and respect for individuality and difference
- forge special friendships that will stay with them for the rest of their lives
- be interesting, well-informed, happy and confident members of the community.

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Primary Objectives

The primary objectives of the School to fulfil these aims are:

- for the School to challenge and inspire every girl through a broad range of experiences and opportunities outside the formal classroom
- for the School to continue to provide a safe, caring environment that will enable girls to thrive and grow, academically, emotionally and socially
- for the School to continue to be highly rated academically such that we attract applicants of strong academic ability as a significant part of the intake to the School but add outstanding academic value to all our girls' outcome
- for the School to employ staff who deliver excellence whatever their role and are proud and happy to work at the School
- for the buildings, grounds and facilities at the School to be maintained and updated to provide the optimum environment for carrying out our academic, pastoral, enrichment and other activities
- to maintain a governing body and leadership team that together ensure the fulfilment of the aims of the School
- to ensure financial security into the future with the ability to fund the whole School development plan and such that all sectors within the School are fully enabled to deliver their visions.

Strategies to Achieve the Primary Objectives

The following are indicative examples of a broad range of strategies adopted over the course of the year.

The development and growth of the tutor system continues and there has been an increased focus on data tracking using baseline data, report data and internal assessment results to inform target setting for the girls and to ensure that, where needed, early interventions take place. French has been reintroduced to the curriculum in Year I and, as planned, to an enthusiastic welcome, Psychology has been introduced as an A Level subject from September 2016.

The Governors charged the Senior Leadership Team to carry out a full audit of its extension and enrichment programme. As a result of this the Head is taking steps to ensure that, as far as possible, every member of staff is contributing to that programme. Additionally, over the course of the year the School has devised a programme called the QM Diploma to be launched at the start of the academic year 2016/2017 the introduction to which states, "At the heart of a QM education is a love of learning, which is supported by a healthy body and healthy mind. When a girl has completed her education at QM she will be a freethinking, courageous individual, prepared to take her learning to the next level and her place in the modern world. The QM Diploma has been designed to complement a girl's academic curriculum by providing opportunities to challenge, inspire and assist her to fulfil her ambitions and achieve her potential during her time in the Sixth Form." Girls will start work on the Diploma after the Autumn half term break.

The School's Careers education programme run by the Head of Careers and Higher Education helps to prepare the girls for the opportunities, responsibilities and experiences that await them when they leave School to make their own way in the world. The programme of activities supports them in choosing age 14 – 19 options and pathways that suit their individual interests and abilities and help them to choose the right route for them. Careers education is monitored and evaluated annually by the Governors through discussion with key staff and students and appropriate observation of activities by the Head of Careers and Higher Education's line manager. A new Careers office to accommodate the work of the programme was created during the year.

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After a thorough consultation with parents and detailed consideration the approach to boarding has been modified during the course of the year so that, with effect from September 2016, the first full weekend after a holiday is a community weekend when the expectation is that every full Boarder will be in School with requests for absence being permitted only in exceptional circumstances and then after consideration by the Head. On other weekends the expectation is that boarding girls will be in School for the majority of weekends but consideration to requests for absence will be considered by the girl's Housemistress or Housemaster. This development has been coupled with a focus on ensuring that at the weekend the range of activities available for the girls is made ever more enticing and fulfilling.

There has been an increased focus on achieving integration between year groups, for example, on Sunday evenings there is a vertical House Sunday Supper and there is an increased emphasis on combined year group weekend activities.

The process for the appointment of Prefects has been modified with the intention of making it more meaningful and transparent. The responsibilities and expectations of Prefects have been more clearly spelt out and their visibility increased by the provision of gowns to enable them to be readily identifiable.

The Medical Centre has been rebranded as the Centre for Health and Wellbeing and the nursing pastoral staff in the School are now very ably supported by an Emotional Wellbeing Practitioner whose contribution to the health and wellbeing of the girls has been very valuable. In addition the girls (and staff as appropriate) have the ability to obtain support from the two Clinical Psychologists who are contracted to provide advice and support to the School.

The Board determined that there should be a continued focus on the refurbishment of the Boarding facilities, with the aim of ensuring as far as practicable that the boarding accommodation should be of a uniformly high standard. With that in mind the summer saw an extensive refurbishment of Year III accommodation (Scarborough House), creating a new breakout area and a new common room and removing awkward corridors to create a much more cohesive house. Additionally a major start was made in Year IV by the removal of tired dormitories and the creation of a large comfortable common room which is now greatly enjoyed by the girls.

Principal Activity

The School's primary activity is the provision of education to girls aged between 11 and 18 at its site at Escrick and, in this the School has, once more, had a successful year. This year the average School Roll was 327 girls of whom 242 were boarders (2015: 353 girls and 270 boarders). The School intends to preserve its role as a girls' only Boarding School believing that by doing so it can provide significant educational and developmental opportunities to girls in an environment where each will have the opportunity to mature and develop to her maximum potential. Whilst the number of girls in the School was again slightly down on the previous year the Governors are satisfied that the variation is explicable and that the long term trend towards the size and shape of the School that they have determined upon is achievable and that the School has a vibrant and sustainable future. In addition, the School supports education more widely by making its resources available for courses and sports outside the usual term time.

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Public Benefit

The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School amounted to £974,000 (2015: £1,179,000) which benefited 118 girls throughout the School. The School's policies regarding grants and bursaries enable the Governors and School to grant fee remissions on a number of bases including scholarships for special talent (these do not always carry a direct fee remission but will always bring with them some benefit for the recipient), financial hardship, daughter of an employee and/or presence of a sibling.

The provision of these bursaries enables girls to attend the School who contribute to the whole School community, to the advantage of all girls in the School and, confident as we are in the ability of the School to enable our girls to become women who will be interesting, well-informed, happy and confident members of the community, when they leave us the benefit from them spreads to the communities in which they will live.

The Governors' commitment to the provision of financial assistance to relieve hardship where a girl's education and future prospects would otherwise be at risk is evidenced by the continued focus on the award of means tested bursaries. The Governors have established clear guidance on remissions to ensure clarity of purpose and fairness and consistency in application. The Governors have made directions to ensure that the wishes of Mrs Janet Churm in respect of her generous bequest to the School continue to be complied with. The School has in the course of the year strengthened its approach to means testing by the use of an outside agency to review and advise on cases where appropriate.

The School continues to play an increasingly significant role in the community of which it forms a part delivering a charitable benefit in addition to that achieved through the delivery of bursaries to families whose circumstances merit them. Examples of a wide range of activities and benefits delivered include;

- Our local primary school is our guest when it make use of our swimming pool each week for swimming lessons and when they use our chapel and theatre for their school events
- Our local junior swimming club are our guests when they use our swimming pool to provide swimming lessons for boys and girls from the local community each week
- The local scuba diving club use our swimming pool each week to train people to dive
- We have provided opportunities for young people wishing to pursue a career in education who attend local colleges to gain experience by acting as volunteers or observers in the School
- Local schools are invited to be our guests at School organised academic extension events such as Junior Schools Science Challenge day
- We have played host to a variety of local sporting and educational organisations and charities frequently providing them with free or heavily discounted facility hire in furtherance of our aims.

The School is committed to building on and extending this work as relationships with local schools and institutions develop.

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STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Academic

The School is pleased to report a superb set of excellent examination results. Queen Margaret's examination results consistently exceed the national GCSE pass rate for students attaining A and A* grades, A* to C grades and for five or more A* to C GCSE grades (including Mathematics and English). From 2010 to 2016, on average, nearly all girls have attained A* to C GCSE grades in five or more subjects, including English and Mathematics.

The Governors set a challenging target of 100% of the girls achieving a C grade or higher in English and Mathematics and were delighted that this was achieved in Mathematics whilst only narrowly missed in English (95%). The impressive results achieved in Art are also worthy of a special mention. In addition the Governors aspire that the School will be in the top 120 of the 350 independent schools rated by the Independent School Council (ISC); at Advanced Level the School was ranked 129th whilst at GCSE there was further improvement on prior years with the ranking now at 157.

Within these overall results there were a number of fantastic achievements this year, for example, seven girls attained all A* and A grades, 98.3% of the cohort achieving A* to C passes in five or more subjects and over 60% of passes being at A* or A grade.

At Advanced Level, on average, 84% of girls have achieved A* to B grades over the last six years. This year 50% of the certificated grades were awarded at A* and A and 93% of girls attained A*, A, B and C grades. In addition, 32% of girls have achieved A* or A grades in three or more subjects (an increase on the 28% from 2015). In most subjects, girls significantly surpass their baseline predictions at both GCSE and A Level, demonstrating excellent academic progress.

Underpinning these excellent academic results is the School's strong focus on achieving excellent "value added" for each girl in the School. Our objective is that, through excellent teaching and learning, each girl will achieve better results than could be predicted on her entry to the School. The School benchmarks its performance in this field by submitting data for rigorous academic scrutiny. The analysis consistently shows that the "value added" element provided by exceptional teaching and learning means that girls who have a sufficient period in the School will exceed the academic outcome that they could reasonably be predicted to achieve on their arrival at the School.

Compliance

A significant objective that the Board has set for the School is that it will, at all times, be fully compliant with all regulatory requirements and be ready to be inspected at any time. During 19 and 20 April this year four inspectors from the Independent School's Inspectorate carried out a regulatory compliance inspection at the School and reported on the extent to which the School meets the Independent School Standards set out in statutory regulations and the National Minimum Standards for Boarding Schools. These make up a wide ranging set of requirements, covering virtually every activity carried out in the School as well as the School's premises. There is no grade applied, the inspectors make an absolute judgement – the School is either compliant or not. We were pleased to receive the inspectors' report, which concluded that the School meets all the standards and that no further action was required as a result of this inspection.

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Other Areas

In a report such as this it is not possible to do justice to the breadth and depth of the co-curricular life of the School. The School's magazine "The Margaretian" will, over approximately 100 pages illustrate that by both academic extension and enrichment activity, the girls' work in the classroom is generously complemented by a rich and varied range of opportunities outside the classroom. Visiting lectures, theatrical performances and academic challenges are recorded across a wide variety of disciplines. Art, Drama, Music, Dance and Sport are all strong and trips and opportunities for fun reinforce the opportunities for girls to build up shared memories and form friendships for life. We mention some highlights;

Drama and Dance

In addition to work done as part of the curriculum (which means all girls in Years I to III take part in a drama performance) the Drama Department, in cooperation with Music and Dance produced two major productions this year: the challenging senior production of "Bad Girls" playing to acclaim and "A Midsummer Night's Dream" the junior production magically performed in the School grounds. The Drama Department's commitment to offering performance and backstage opportunities to as many girls as possible, whilst also striving for excellence, is demonstrated by the number of individuals who were involved in these productions.

The Dance show "Pictures at an Exhibition" showcased a wide range of styles from classical to tap and Hip Hop, with each piece inspired by a chosen artwork that was projected onto the backcloth.

Sport

Sport continues to be a great strength in the School. We give as examples:

- Lacrosse: In January the Senior 1st and 2nd teams and the U15s Lacrosse teams took part in the Scottish Open Tournament at Loretto School. The senior 1st team came second and the U15s won their team competition. February saw the Lacrosse North Schools' Tournament take place here with our U15s coming third in the tournament and our U14s being crowned champions. We also played in the National Schools' Lacrosse Championships in Guildford, Surrey. This year we took four teams, our very successful 1st XII were outstanding on the first day of their tournament keeping up with the best of the south, beating a number of them and day two saw the team in Division 1 just losing by a golden goal (extra time) to Godolphin. We are proud to report that the School has had 12 girls from Years I and II selected for the U13 A County Squad this year and a further eight girls being selected for the B squad. A Year IV girl has also been selected for the North of England U19B Lacrosse team.
- Hockey: The Senior 1st team came second in the National League, topping Ampleforth, Pocklington, Sedbergh, Ashville, Hymers and RGS Newcastle. U16 teams were successful in getting through to the semi-finals and U14 North finals (top 20) of the National Schools' Tournament.
- Netball: Invitational Senior Netball Tournament saw a great turn out of schools from the North including Hymers, Barnard Castle, Yarm, Silcoates, Sedbergh, Worksop, Hill House and St Peter's, all competing for the 1st and 2nd VII title. QM Mavericks A and B teams continue to be strong in the York Ladies League which is a great initiative allowing QM girls to compete outside of the School Sports programme which has also been successful in Squash.
- Tennis: The team got through to the last 16 of the Senior Students where unfortunately they lost to Strathallen on a championship tie break 10-8.

Physics

On International Women's day, Tuesday 8 March, a team of girls and staff launched a helium filled balloon attached to a payload. The payload contained a Raspberry Pi computer and telemetry board to collect information, video and photos about the balloon flight. It reached nearly 22,000km and landed very close

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to the sea near Mablethorpe on the Lincolnshire coast. The payload was recovered successfully and returned to School. The whole project is a collaboration of many different subject areas, including Science, Computer Science, Geography and Art & Design. The coverage in terms of promoting QM and girls in Science was outstanding.

FUNDRAISING PERFORMANCE

At present, fundraising is not a significant activity of the School however the Board is determined that this will change. Following the one-off appeal to fund the creation of the Sixth Form Cardio Suite in May 2015, the School launched its first formal fundraising initiative in July 2015, the Head's Annual Fund appeal which raised funds (£26,000) that provided a new sound system in the Chapel that has significantly improved the acoustics, and it provided for the refurbishment of the rose garden. The Head's Annual Fund appeal will be repeated annually. The overall target of £36,000 for the appeal was deliberately ambitious and whilst it was not achieved the Governors were pleased with the response from our parents and friends.

The School intends, following a number of approaches and given the generous support for bursaries given by the late Mrs Churm to launch a legacy appeal in 2016. Plans are well advanced for the establishment of the QM Foundation to be brought into being as a Charitable Incorporated Organisation with a view to it raising funds to provide additional bursary support to the School and to raise funds for capital development that cannot be funded out of normal revenue streams

FINANCIAL REVIEW

Results for the Year

In what the Governors anticipated would be a challenging year a breakeven result was targeted and broadly achieved with the overall result being a small deficit of £43,000 (2015: surplus £64,000). The budget set took into consideration the lower number of girls in School. Importantly, the School has continued to maintain its investment in its infrastructure whilst managing its indebtedness to the bank in line with the schedule previously agreed. Going forward we anticipate results that will underpin the future development of the School. As always the overwhelming majority of our income derives from the fees paid by our parents and expenditure is focused on those areas which have the greatest impact on School life.

Reserves Level and Policy and Financial Viability

Reserves are held to ensure that the School can continue to support the resources needed to provide excellent boarding, educational and enrichment services to its girls. As a result, the majority of the School's reserves are invested 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's total reserves are £5.8m (2015: £5.8m); after deducting the net book value of fixed assets and restricted funds there are free reserves of -£4.2m (2015: -£4.4m). Since 2011 the reserves have been maintained in line with the overall policy with free reserves increasing by £0.6m whilst the School has been able to operate with an overdraft facility that has decreased by £1m. The Board is content that the approach to reserves is a reasonable response to the School's current position.

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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 where appropriate, continue to evaluate the best way to make appropriate use of these restricted funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors consider the economic turbulence of recent years and the affordability of fees by parents across the independent sector to be a major risk faced by the School. While the Board has confidence in its present recruitment strategy there is no room for complacency. The Board, therefore, decided last year to limit the overall increase in fees in September 2015 to 2.5%. For September 2016 the Governing Body has again limited fee changes, in that instance to £200 per term for all girls.

The risks of a safeguarding failure resulting in emotional or physical harm to a pupil, of a failure of strategic direction, of inability to recruit girls to the planned shape of the School and of School data falling into the wrong hands are risks that have been identified as requiring particular focus and are to be minimised by thorough planning, risk assessment and monitoring. Health and Safety is always a significant area for risk management.

The School's approach to risk management and internal control may be summarised as follows:

- The Governors have oversight of risk management within the School as a whole
- The management of risk is a whole School responsibility
- All parties involved in the process will adopt an open and receptive approach to solving risk problems
- SLT prepares policies for Governors' approval and implements such policies as are approved by the Governors.

Each member of SLT is responsible for fostering good risk management practice throughout the School and particularly within their area of responsibility.

The Governors will:

- Ensure the integration of risk management into the culture of the School
- Take major decisions affecting the School's risk profile or exposure, determining what types of risk are acceptable and which are not
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises
- Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place which are working effectively
- Annually review the School's approach to risk management, consider how effectively or otherwise controls have been implemented, approve changes to this policy and review the Risk Register as at the date of that review,
- Delegate to the Business Committee the responsibility to review the School's Risk Register each term and to provide the Governors' response to residual risk that the Business Committee does not consider it necessary to refer to the full Board.

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

The Business Committee will:

- Review and evaluate the key risks identified by SLT and have the review of the School's Risk Register as a standing item at each of its meetings
- Provide the Governors' response to residual risk that it is not felt necessary to refer to the full Board
- Monitor the work of internal and external audit in respect of risk, and provide the Board with reports termly on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

PLANS FOR THE FUTURE

The Board used the period of change in the leadership of the School as an opportunity to give detailed thought to its vision for the School, including its governance, shape, staff, academic and pastoral delivery, enrichment activities together with its estate and facilities, financial outcomes and regulatory compliance and importantly its future development. The resultant document has been shared with the Head and her Senior Leadership Team who are now tasked, in consultation with the whole School, to develop a comprehensive Strategic Development Plan for review and approval by the Board. It is intended this document will be published in the coming year.

Whilst this process is ongoing the key plans for the coming year are:

1. to further strengthen the academic development in the School through data tracking across the School using baseline data, report data and internal test/assessment to inform target setting for the girls
2. to maintain a healthy level of recruitment, always keeping in mind the need to achieve an appropriate balance in the make-up of the School
3. to review the plan of the day and to keep the curriculum under review to ensure that it continues to deliver an appropriate range of opportunities for study
4. to ensure the successful implementation and delivery of the QM Diploma
5. to continue to improve the core financial outcomes and security of the School
6. to bring to life the QM Foundation as a legal entity and to set the School on the road towards a time when funds will be generated to provide bursaries other than out of fees received and where desirable capital projects that cannot be funded out of fees may be delivered for the benefit of girls in the School and future generations.

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
STATEMENT OF ACCOUNTING AND REPORTING RESPONSIBILITIES

The members of the Board of Governors (who are also the Directors of Queen Margaret's School, York Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements with in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law the Governing Body has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board of Governors members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the School for that period. In preparing these financial statements, the members of the Board of Governors are required to:

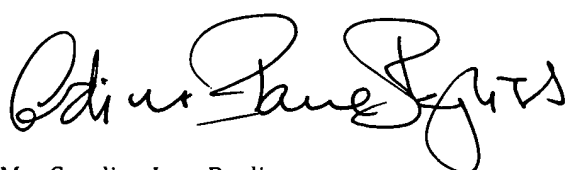
- select the most appropriate accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material 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 charitable company will continue in business.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Relevant Audit Information

Insofar as each of the Directors, as members of the Board of Governors, at the date of approval of this report is aware there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each member of the Board of Governors has taken all the steps that he or she should have taken as a member of the Board in order to make himself or herself aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Governors on 28 November 2016, including, in their capacity as Company Directors, approving the Directors' and Strategic Reports contained therein, and signed on its behalf by:



Mrs Caroline Jane Bayliss

Dated 28 November 2016

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 financial statements of Queen Margaret's School, York Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 20.

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).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Governors and Auditors

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the Directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Head's Report and the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

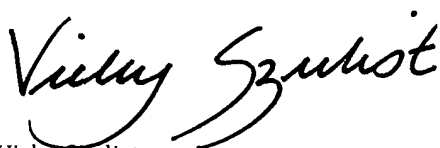
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Governors Annual 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 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of trustees' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit.



Vicky Szulist
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

7th December 2016

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

			2016	2015		
	Note	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Total £'000	Total £'000
Income from:						
Charitable activities						
School fees	1	7,767	-	-	7,767	8,108
Ancillary trading income	2	794			794	734
Other trading activities						
Non-ancillary trading income	2	33	-	-	33	24
Investment income		1	10	1	12	14
Donations and legacies		26	-	-	26	32
Total incoming resources		8,621	10	1	8,632	8,912
Expenditure on:						
Costs of generating funds						
Costs of generating funds	5	166	-	-	166	184
		166	-	-	166	184
Charitable activities						
Education and grant making	5	8,500	8	-	8,508	8,664
Total charitable expenditure		8,500	8	-	8,508	8,664
Total expenditure	5	8,666	8	-	8,674	8,848
Net (outgoing)/incoming resources from operations	3	(45)	2	1	(42)	64
Fund balances at 31 August 2015		5,433	309	70	5,812	5,748
Fund balances at 31 August 2016	13	5,388	311	71	5,770	5,812

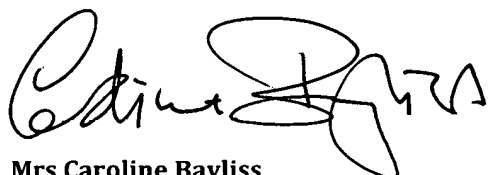
All incoming resources and resources expended are derived from continuing activities. All gains and losses recognised in the year are included above.

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
BALANCE SHEET AS AT 31 AUGUST 2016

Registered No: 2010493

	Note	2016	2015
		£'000	£'000
Fixed assets			
Tangible assets	7	9,981	10,207
		<u>9,981</u>	<u>10,207</u>
Current assets			
Stocks - goods for resale		76	62
Debtors	8	451	446
Cash at bank and in hand		4	3
		<u>531</u>	<u>511</u>
Creditors - amounts falling due within one year	9	(3,090)	(3,455)
Net current liabilities		<u>(2,559)</u>	<u>(2,944)</u>
Total assets less current liabilities		<u>7,422</u>	<u>7,263</u>
Creditors - amounts falling due after more than one year	10	(1,652)	(1,451)
Net assets		<u>5,770</u>	<u>5,812</u>
Restricted funds	13	71	70
Unrestricted funds	13	5,699	5,742
Total Funds	13	<u>5,770</u>	<u>5,812</u>

The financial statements on pages 18 to 35 were approved and authorised for issue by the board of Governors on 28 November 2016 and were signed on its behalf by:



Mrs Caroline Bayliss

Director

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Net cash inflow from operations	A		1,043		840
Cash flow from investing activities					
Interest received		12		14	
Interest paid		(159)		(172)	
Payment for tangible fixed assets		(400)		(446)	
Net cash used in investing activities			(547)		(604)
Cash flow from financing activities					
Advance fees scheme:					
Receipts from new contracts		248		138	
Amounts utilised and repaid		(234)		(454)	
Finance lease contracts:					
Receipts from new contracts		24		-	
Amounts repaid		(27)		(31)	
Bank facility (repaid) / utilised		(506)		112	
Net cash used by financing activities			(495)		(235)
Change in cash and cash equivalents in the reporting period			1		1
Cash and cash equivalents at the beginning of the period			3		2
Cash and cash equivalents at the end of the period	B		4		3

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

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

A Reconciliation of net income to net cash flow from operating activities

	2016	2015
	£'000	£'000
Net (outgoing) / incoming resources	(43)	64
Interest receivable	(12)	(14)
Financing costs	159	172
Depreciation charges	626	618
Loss on disposal of fixed assets	-	2
(Increase) / Decrease in stocks	(14)	12
(Increase) / Decrease in debtors	(5)	463
Increase / (Decrease) in creditors	332	(477)
Net cash inflow from operations	1,043	840

B Analysis of cash and cash equivalents

	2016	2015
	£000	£'000
Cash at bank and in hand	4	3

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and 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) - effective 1 January 2015. The date of transition to FRS102 was 1 September 2014 and in preparing the financial statements, the Trustees have considered whether the accounting policies required by the standard require the restatement of comparative information. A reconciliation of the changes to the previously reported position as a result in these changes to policies is included in note 19 to these financial statements.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investment properties and other investments.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 15 March 1986 (company number: 2010493) and registered as a charity on 13 May 1986 (charity number: 517523).

Going Concern

The business activities of the School and the major risks it faces are set out in the Governors' Report on pages 4 to 14. The School has an overdraft facility to meet its operational working capital needs and this has been renewed for the coming year. The Governors consider that the strategies adopted for both recruitment and retention of girls will lead to an increase in the number of girls gradually over the next few years. By securing a continued reduction in the School's underlying indebtedness, the School has been able to initiate and progress conversations that will result in a restructuring of its long term debt with an amelioration of the terms; this will reduce the risk inherent in the current structure and the ongoing cost to the School going forward.

The Governors therefore have a reasonable expectation that the School will continue its business activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. These accounts have therefore been drawn up on the basis that it is a going concern.

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

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. 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. Gifts in kind are valued at estimated open market value at the date of gift, in the case of assets for retention or consumption, or at the value to the School in the case of donated services or facilities.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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 over the estimated useful economic lives, subject to annual review. Individual fixed assets costing £250 or more are capitalised at cost. Individual items which cost less than this amount will be capitalised if they are acquired as part of a larger capital project.

These rates are currently as follows:

Freehold buildings and sports pitches	between 2% and 20%
Plant and equipment	15%
Fixtures and fittings	15%
Motor vehicles	25%

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.

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities.

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.

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

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.

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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

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

1. School Fees

The School's fee income comprised:

	2016 £'000	2015 £'000
Gross fees (net of charge for bad debts)	8,741	9,287
Less: total bursaries, grants and allowances	(982)	(1,195)
Add: Scholarships, grants and bursaries paid for by restricted funds	8	16
	7,767	8,108

Scholarships, bursaries and other awards were paid to 118 (2015: 143) pupils. Within this means tested bursaries totalling £800,000 were paid to 58 pupils (2015: £833,000 to 55 pupils).

2. Other Income

	2016 £'000	2015 £'000
From charitable activities		
Extra subjects, trips and activities, fees in lieu and other extras	655	598
Use of facilities, registration fees and other miscellaneous activities	139	136
	794	734
Other trading activities		
Lettings and other income	33	24

3. Net (outgoing) / incoming Resources

Net (outgoing) / incoming resources are stated after charging:

	2016 £'000	2015 £'000
Fixed assets		
Depreciation	626	618
Loss on disposal	-	2
Auditors' remuneration		
For audit services	14	14
For non-audit services	1	1
Operating lease charges		
Land and buildings and motor vehicles	117	114
Interest paid		
Bank interest	122	129
Other interest	16	9
Transfer to restricted funds	11	11

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

4. Staff Costs

	2016 £'000	2015 £'000
The aggregate payroll costs for the year were as follows:		
Wages and salaries	4,825	4,786
Social security costs	406	380
Pension contributions	605	522
	<u>5,836</u>	<u>5,688</u>
Aggregate employee benefits of key management personnel	<u>332</u>	<u>276</u>

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £17,000.

The average number of employees during the year was 195 (2015: 198).

The average full time equivalent number of employees at the School was::

	Number	Number
Teaching	72	73
Welfare	58	57
Premises	13	13
Support	<u>17</u>	<u>18</u>
	<u>160</u>	<u>161</u>

Number of higher paid employees in bands of:

	2016 Number	2015 Number
£100,001 - £110,000	1	-
£90,001 - £100,000	-	-
£80,001 - £90,000	-	-
£70,001 - £80,000	-	1
£60,001 - £70,000	<u>2</u>	<u>2</u>

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

5. Analysis of Expenditure

				2016	2015
	Staff	Other	Depreciation	Total	Total
	£'000	£'000	£'000	£'000	£'000
Charitable activities					
Teaching	3,212	455	24	3,691	3,588
Welfare	1,572	341	-	1,913	1,985
Premises	350	823	602	1,775	1,784
Support costs and governance	702	419	-	1,121	1,291
Grants, awards and prizes	-	8	-	8	16
	5,836	2,046	626	8,508	8,664
Costs of generating funds					
Financing costs - interest payable	-	159	-	159	172
Development costs	-	7	-	7	12
Total expended	5,836	2,212	626	8,674	8,848

6. Governance Costs included in Support Costs:

	2016	2015
	£'000	£'000
Auditors' remuneration - audit services	14	14
Legal and professional fees	-	2
	14	16

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

7. Tangible Fixed Assets

	Freehold buildings	IT	Fixtures and fittings	Plant, equipment and motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or frozen* valuation					
1 September 2015	12,838	375	5,095	173	18,481
Additions	87	65	209	39	400
Disposals	-	-	-	(20)	(20)
31 August 2016	12,925	440	5,304	192	18,861
Depreciation					
1 September 2015	3,830	140	4,198	106	8,274
Charge for the year	294	24	291	17	626
Disposals	-	-	-	(20)	(20)
31 August 2016	4,124	164	4,489	103	8,880
Net book values					
31 August 2016	8,801	276	815	89	9,981
31 August 2015	9,008	235	897	67	10,207

Included in fixed assets are assets acquired under finance lease with a cost of £150,655 (2015 - £138,725) and net book value of £59,447 (2015 - £90,772)

The School has elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost.

8. Debtors

	2016	2015
	£'000	£'000
School fees and extras	283	286
Other debtors	64	63
Prepayments	104	97
	451	446

Other debtors includes £0 (2015: £5,000) in respect of the legacy received (see note 13)

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

9. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Fees received in advance	1,012	790
Trade creditors	312	356
Taxation and social security	114	108
Final term deposits	38	42
Accruals	103	113
Other creditors	11	44
Finance lease (note 16)	25	26
Bank overdraft facility	1,276	1,782
Advance fees scheme (note 11)	199	194
	3,090	3,455

Long term bank overdraft facility

The long term bank overdraft facility is a flexible facility that has a maximum indebtedness limit that is reviewed annually. At 31 August 2016 the maximum limit was £1,605,000 which has subsequently reduced to £1,320,000 as previously agreed. Interest is charged at Yorkshire Bank base rate plus a margin and early repayment can be made without penalty.

As in prior years the overdraft facility is repayable with 90 days' notice and as such it is included in current creditors.

10. Creditors: amounts falling due after more than one year

	2016	2015
	£'000	£'000
Bank loan	1,000	1,000
Advance fees scheme (note 11)	277	268
Finance lease (note 16)	28	30
Final term deposits	347	153
	1,652	1,451

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.

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

11. Advance Fees Scheme

Parents may enter into a contract to pay 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:

	2016 £'000	2015 £'000
Within 1 year	199	194
Within 1 to 2 years	77	125
Within 2 to 5 years	181	134
Over 5 years	19	9
	476	462

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

	£'000	£'000
Balance at 1 September 2015	462	778
New contracts	248	138
Repayment of contract	-	(146)
Payment of fees to the School	(234)	(308)
Balance at 31 August 2016	476	462

12. Financial Instruments

	2016 £'000	2015 £'000
Financial assets measured at amortised cost (a)	351	352
Financial assets measured at fair value	0	0
Financial liabilities measured at amortised cost (b)	(4,266)	(4,443)
Net financial assets measured at amortised cost	(3,915)	(4,091)

(a) Financial assets include cash, trade, fee and other debtors

(b) Financial liabilities include deposits, fees received in advance, trade and other creditors

Impairment losses charged to financial assets measured at amortised cost in the year amounted to £0.

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

13. Statement of Funds

	Balance at 31 August 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2016 £'000
Restricted funds					
Bursary Funds	55	1	-	-	56
Other restricted funds	15	-	-	-	15
Total restricted funds	70	1	-	-	71
Unrestricted funds					
<i>General:</i>					
Accumulation fund	5,433	8,314	(8,359)		5,388
<i>Designated:</i>					
Janet Churm Bursary Fund	309	10	(8)	-	311
Total unrestricted funds	5,742	8,324	(8,367)	-	5,699
Total funds	5,812	8,325	(8,367)	-	5,770

The designated fund was received from the residuary estate of Mrs Janet Churm, an Old Margaretian. The Governors have designated its use in accordance with her wishes; that is to enable a girl currently in the School to stay who, due to a change in her parent's circumstances, would otherwise have to leave.

The restricted funds are to be used in accordance with specific restrictions made by the donors. Part of the funds were utilised to enable a current girl to stay in the School. Other restricted funds are for the benefit of the School Council and also the Chaplain.

14. Analysis of Net Assets between Funds

The net assets are held for the various funds as follows:

	Fixed assets £'000	Net current assets/(liabilities) £'000	Long term liabilities £'000	Total £'000
Restricted funds	-	71	-	71
Unrestricted funds	9,981	(2,630)	(1,652)	5,699
	9,981	(2,559)	(1,652)	5,770

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15. 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 School for the year was £605,000 (2015: £524,000) and amounts paid to the TPS have been in accordance with the rates recommended by the government actuary. The majority of the increase arose due to the increase in the contribution rate for employers to the TPS.

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

Teachers' Pension Scheme ('TPS')

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £457,000 (2015: £387,000) and at the year-end £59,000 (2015 - £55,000) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

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16. Financial commitments

Operating lease commitments

At 31 August 2016 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

	2016 £'000	2015 £'000
Within one year	108	106
Within two to five years	290	189
After five years	49	27
	447	322

During the year a number of leases for land and buildings which had been due to expire were renegotiated with the landlord.

Finance lease commitments

At 31 August 2016 the company had commitments under finance leases for plant and machinery which expire as follows:

	2016 £'000	2015 £'000
Within one year	25	26
Within two to five years	28	30
	53	56

17. 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 Governors of the company.

18. Related Party Transactions

Five Governors (2015: six) of the School who held office for at least part of the year had daughters enrolled at the School during the year; one (2015: two) of these Governors had daughters who received remissions at rates which were consistent with similar arrangements for other parents at the time of entry to the school

During the year Oil NRG Ltd, a company in which the spouse of one trustee has a 25% interest, acquired the School's main supplier of heating oil. In the period since the acquisition the School purchased £20,000 of oil on the terms consistent with that which existed before the transaction. At the year-end £1,711 was outstanding and included in trade creditors.

No Governors received any remuneration from the school during the year. Four (2015: two) Governors have received reimbursements totalling £1,025 (2015: £592) for out of pocket travel expenses incurred in the process of undertaking their duties as governors.

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19. Reconciliation of Changes to Financial Statements on adoption of FRS 102

	Published Accounts £'000	Amount of Adjustment £'000	Comparative figure in these accounts £'000
Effect on funds as at 1 September 2014:			
Prepayment of recruitment costs		(20)	
Accrued holiday pay		(7)	
Total Funds as at 1 September 2014	5,775	(27)	5,748
Effect on net income for the year to 31 August 2015:	66	(2)	64

The accounts have been prepared under the new SORP for Charities, Accounting and Reporting for Charities, reflecting the requirements of FRS 102, which came into effect for accounting periods beginning on or after 1 January 2015.

The effect of the new basis is noted above:

1. recruitment costs which were previously matched to the accounting period in which the employment contract commenced are now written off as incurred
2. the cost of holiday earned but not taken at the end of the year is now accounted for.

The Statement of Financial Activities for the year ending 31 August 2015, as restated for the change in the accounting policies, is shown at note 20.

In addition to implementing the new accounting standards, the allocation of income and costs between the various headers has been reviewed and changed to better reflect that adopted by other independent schools in accordance with the guidance issued by Crowe Clark Whitehill. This does not impact the overall result. Prior year figures have been restated where appropriate to reflect the revised allocations.

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20. Statement of Financial Activities for the Year Ended 31 August 2015
(incorporating an Income and Expenditure Account)

				2015
	Unrestricted Funds	Designated Funds	Restricted Funds	Total
	£'000	£'000	£'000	£'000
Income from:				
<i>Charitable activities</i>				
School fees	8,108	-	-	8,108
Ancillary trading income	734	-	-	734
<i>Other trading activities</i>				
Non-ancillary trading income	24	-	-	24
<i>Investment income</i>	3	9	2	14
<i>Donations and legacies</i>	32	-	-	32
Total incoming resources	8,901	9	2	8,912
Expenditure on:				
<i>Costs of generating funds</i>				
Costs of generating funds	184	-	-	184
	184	-	-	184
<i>Charitable activities</i>				
Education and grant making	8,648	-	16	8,664
Total charitable expenditure	8,648	-	16	8,664
Total expenditure	8,832	-	16	8,848
Net (outgoing)/incoming resources from operations	69	9	(14)	64
Transfers between funds	(300)	300	-	-
Net (outgoing) / incoming resources	(231)	309	(14)	64
Fund balances at 31 August 2014	5,664	-	84	5,748
Fund balances at 31 August 2015	5,433	309	70	5,812