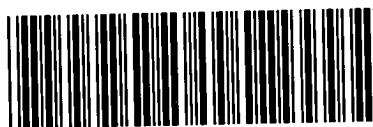


Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
Annual report
for the year ended 31 August 2017

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 2017

Contents

Directors and Advisors for the Year Ended 31 August 2017	1
Governors.....	1
Advisors	2
Reference and Administrative Information.....	3
Structure, Governance and Management	3
Objects, Aims, Objectives and Activities.....	5
Strategic Report.....	9
Achievements and Performance.....	9
Fundraising Performance	11
Financial Review.....	12
Principal Risks and Uncertainties	12
Plans for the Future	14
Statement of Accounting and Reporting Responsibilities.....	16
Independent Auditor's Report to the Members of Queen Margaret's School, York Limited	17
Statement of Financial Activities for the Year Ended 31 August 2017	20
Balance Sheet as at 31 August 2017	21
Cash Flow Statement for the Year Ended 31 August 2017.....	22
Notes to the Cash Flow Statement for the Year Ended 31 August 2017.....	23
Accounting Policies	24
Notes to the Financial Statements for the Year Ended 31 August 2017	27

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

DIRECTORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2017

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 C J Bayliss (Education Committee)

Business Committee

D Maddan (Chairman)

N F H Corner

Miss E M Pearson

Development Committee (now the External Relations Committee)

F A Scott (Chairman) (Vice-Chairman of the Board) (Retired July 2017)

Mrs A M Morley

R C W Miller (Retired July 2017)

Education Committee

D Parker

Mrs C J Bayliss

Mrs C D Granger (appointed March 2017)

Pastoral Committee

M D Oakley (Chairman) (Retired July 2017)

Mrs K Preston

Mrs E Carnegie-Brown (Retired July 2017)

Dr E J Peart

The following were appointed to the Board during the year but did not take up committee roles until after the year end:

Mrs S King (assigned to Business Committee)

Mr R J Morse (assigned to Education Committee)

Officers of the School

Head

Mrs J M Miles MA (Oxon) PGCE

Bursar

Mrs E S Raper BSc (Nottingham) ACA

Senior Deputy Head

Mrs S V Niblock, MA (Oxon), MEd, PGCEM, PGCE

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

Barclays Bank plc
25 James Street
Harrogate
HG1 1QX

Yorkshire Bank plc (until January 2018)
46 Coney Street
York
YO1 1NQ

Solicitors

Crombie Wilkinson Solicitors LLP
19 Clifford Street
York
YO1 9RJ

Insurers

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

Website

www.queenmargarets.com

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

The Board of Governors of Queen Margaret's School presents its Annual Report for the year ended 31 August 2017 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-appointed 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 interests 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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Organisational Management

Each Governor is made a member of one of four committees: Education, Pastoral, External Relations, 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 meets once each term; the full Board meetings being preceded by the meetings of each of the four committees.

The Education Committee is concerned with the quality of education provided at the school, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 are met and exceeded. This involves the committee in considering 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, ensuring that the standards in The Education (Independent School Standards) Regulations 2014 and the National Minimum Standards for Boarding are met and exceeded in relation to the welfare, health and safety of the girls with a strong focus on continuous aspects of safeguarding. 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 ensuring that the premises and accommodation at the school are of a high standard and for all aspects of the School's boarding provision including weekend activities. The Pastoral Committee is chaired by Kate Preston.

The External Relations 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 External Relations Committee has carried out a great deal of work this year with a view to establishing the Queen Margaret's Foundation. The External Relations Committee was chaired by Alex Scott until his retirement from the Board in July 2017. It is now chaired by Emily Pearson.

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 is responsible for ensuring compliance with all statutory and legal requirements in this area including Companies Act and Charities Act compliance. 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 Senior 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, Boarding and Marketing and Admissions; the group together making up the Head's Senior Leadership Team.

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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.

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 are 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. This is 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.

As stated in our Strategic Plan 2017-2022 our School exists to provide a holistic education, underpinned by warm-hearted pastoral care, inspiring every girl to develop and flourish in a safe and happy boarding environment, empowering her to achieve her life, academic and career aspirations.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Aims

Our aim is for Queen Margaret's to be a forward-thinking school for girls who aspire to be leaders in every walk of life. QM girls take advantage of our vibrant and complementary programme of studies and activities. In doing so, they 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.

The Core Strategic Goals Needed to Achieve our Vision

- Deliver a motivating girl-focussed education both inside and outside the classroom
- Provide a first class boarding experience underpinned by compassionate and perceptive pastoral care
- Attract, develop and retain inspirational staff throughout the School
- Ensure the continued development of strong and effective communication throughout the QM Family
- Establish and embed a culture of philanthropy within the School community to enhance facilities and infrastructure, and further support the provision of bursaries
- Maintain and develop the facilities and fabric of the School

Strategies to Achieve the Primary Objectives

Examples of the broad range of strategies adopted over the course of the year include:

- The creation of an Academic Leadership Team under the leadership of the newly appointed Academic Deputy consisting of:
 - Senior Tutor (Timetable and Cover)
 - Senior Tutor (Academic Staff Development and Appraisal)
 - Senior Tutor (Higher Education) also EPQ Coordinator
- The creation of a School Academic Voice by which girls are given the opportunity to share learning opportunities and experiences.
- Following the appointment of a Data Manager there will be an increased focus on the use of data to track and monitor academic progress.
- It has been determined that there will be a focus during the academic year on differentiation and stretching the most able.
- A Teaching and Learning team has been established to enable staff to share good practice and discuss key aspects of pedagogy. Twilight sessions are being offered to all staff to facilitate their accessing and using data more effectively.
- Intellectual Curiosity has been launched in assembly to give all girls the opportunity to take part in a competition to encourage them to think independently.
- A new Personal Social Health and Economic Coordinator has been appointed who has prepared and is supervising the delivery of a comprehensive programme of PSHE education including the involvement of external lecturers and training.
- The Queen Margaret's Diploma has been launched successfully and is now being extended to girls in the lower school as the Junior Diploma

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- We have continued our significant investment in boarding accommodation, this year carrying out a comprehensive refurbishment of Atholl House including the provision of a new and very attractive common room. An extensive programme of upgrading of our fire prevention and control measures has been completed.
- To encourage and facilitate integration we have merged Years II and III so that they are in one house led by one Housemistress and team of Assistant Housemistresses.
- Following retirements or resignations, we have recruited new Directors of Boarding, External Relations and an Academic Deputy all of whom have joined the Senior Leadership Team.
- The successful launch of the Weekly Window; a weekly School newsletter that provides a window into the life of the School has been warmly welcomed by parents, Governors and all members of the QM Family. The work of the Friends of Queen Margaret's has grown quickly and effectively with a number of successful events held in School.
- Our new Head celebrated her second anniversary in the leadership of the School on April Fool's Day 2017. As a Board we feel that Queen Margaret's is at an exciting point in the life of the School with a well thought out and developing plan that will deliver success over the coming years.

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 304 girls of whom 211 were boarders (2016: 327 girls and 242 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.

Public Benefit

The value of bursaries, scholarships, grants and other awards made out of unrestricted funds to pupils at the School amounted to £828,000 (2016: £974,000) which benefited 102 girls throughout the School. The School's policies regarding grants and bursaries enable the Governors and School to grant fee remissions for a number of reasons; as means tested bursaries, in connection with scholarships for special talent (these do not always carry a direct fee remission but will always bring with them some benefit for the recipient), to support the daughter(s) of an employee and also in circumstances where there is more than one girl from a family in the School. Overwhelmingly, the remissions are used to provide means tested bursaries that are awarded subject to independent scrutiny by an external organisation. The Governors are proud that Queen Margaret's is making a contribution in this way and that it is in line with or marginally more generous than surveys indicate is the average in the independent sector.

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. We are confident in the ability of the School to ensure our girls will become women who will be interesting, well-informed, happy and confident members of the community when they leave us and hence benefit and contribute to the communities in which they will live.

The Governors' commitment to the provision of greater financial assistance to relieve hardship where a girl would benefit from a Queen Margaret's education, has led the Board to determine that as the Queen Margaret's Foundation is established (see above) a major part of its role will be to raise and hold funds that will further support means tested bursaries.

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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 provision of bursaries.

A selection of 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 the Junior Schools Science Challenge day
- During the year, we were delighted to be able to accommodate a request from Wheldrake Junior Football club to use our facilities for their weekly training
- 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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Academic

We celebrated our best GCSE results for four years, which given the substantial reforms to the GCSE syllabus and to the grading system that came into effect in the year, is an outstanding achievement. Over 32% of our girls' GCSE grades were A* and just under 90% were at A* to B grade; the equivalent national rate being 46.4% among girls nationally. In the new, more demanding, English examinations our awards at grade 9 were double the national average. Value added data calculates, by subject, the average number of grades above or below their predictions that students achieve. Across all subjects, at a minimum girls have achieved their predicted grades, more generally predicted grades have been exceeded, in some cases by over a full grade.

At A Level, the results demonstrate that our girls do indeed aim high and then exceed their expectations across a broad range of subjects. Our cumulative total of just under 70% of A Level grades being at A* to B is vastly ahead of that for girls nationally. Highlights included all girls taking Art related subjects achieving A* to B grades, 92% of girls taking Economics, 88% taking English Literature and 86% taking Mathematics achieving A* to B grades.

The Governors' Education Committee carries out a detailed scrutiny of the examination results and works with the Head and her Academic Deputy to ensure that it has a detailed and comprehensive understanding of the performance of each academic department in the school. It develops an understanding of the academic achievement of schools with which they would wish Queen Margaret's to be compared and considers the School's performance against the performance of those comparator schools.

As a result of their hard work and talent, girls obtained places at a wide range of Universities including Durham, Bristol, Edinburgh, Newcastle, London School of Economics, Trinity College Dublin and many others. They leave Queen Margaret's with our warmest best wishes.

Compliance

Following the full Regulatory Compliance Inspection held on 19 – 20 April 2016 (which concluded that the School met all of the compliance standards that it is expected to meet), the school was the subject of an unannounced inspection on the 15 February 2017 by the Independent School's Inspectorate. That inspection focussed on the school's compliance with the Education (Independent School Standards) Regulations 2014 and National Minimum Standards for Boarding, particularly those concerned with the welfare, health and safety of pupils, safeguarding, behaviour, bullying, first aid, the supervision of pupils, risk assessments; and the School's complaints procedure. The Inspectors concluded that, except for one instance when the School did not comply with our own timeframe requirements for dealing with a complaint from a parent, the School was fully compliant with all of the standards.

The Inspectors noted that the girls interviewed affirmed that they feel safe at school, receive appropriate guidance as to how to keep safe including on the internet, and feel able to speak to a member of staff should they have any concerns about their safety. The Inspectors also noted that the girls to whom they spoke had a clear understanding of what constitutes bullying, including cyber bullying, and are confident that any incident that is reported will be dealt with quickly and sensitively.

As a Board we welcome the external scrutiny that inspections such as this provide. The regulations are designed to ensure the safety, welfare and happiness of the girls in the School, issues that are a top priority for the Board. Our complaints handling system has been strengthened to avoid deadlines for response being missed in the future.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Other Areas

A rich and hugely varied enrichment programme has been put together this year to complement the girls' formal learning. Visiting lectures, theatrical performances and academic challenges have taken place across a wide variety of disciplines. Art, Drama, Music, Dance and Sport are all strong at Queen Margaret's and trips and opportunities for fun allows girls to build up shared memories and form friendships for life. We mention some highlights:

There have been fantastic opportunities for the girls to extend their academic learning outside of the classroom and beyond Escrick Park. Seven girls enjoyed a trip of a lifetime during the summer holidays when they set off for Beijing and Changzhou on a China Study Camp. In addition to formal study the girls spent nearly two weeks soaking up the culture and visiting memorable places including the Temple of Heaven Park and the Forbidden City, as well as spending time with their host schools.

During the Easter holidays a number of girls visited Salamanca to complete a Spanish course and experienced the life and culture of a Spanish city. After lessons, sightseeing and sampling the local cuisine the girls returned to QM with a better understanding of the Spanish language. The QM exchange programme also saw girls improving their Spanish as they both visited and hosted girls from Saint Margaret's School in Chile. The programme also saw girls visiting as students at Saint Margaret's School in Australia.

Drama students took the wonderful opportunity to take part in an exciting five-day Drama study tour in Athens to immerse themselves in Greek theatre and culture. The first full day of the trip was for sightseeing which included the Acropolis, viewing the theatre of Dionysis, the Parthenon and other awe inspiring classical monuments. As the week progressed the group participated in a number of Drama workshops around the theme of 'the eternal battle of the sexes' and visited the National Theatre, to watch a performance of Oscar Wilde's *The Happy Prince*, and the beautiful studio theatre for a Greek performance of *The Clouds* by Aristophanes.

A team of girls participated in the Coca-Cola Real Business Challenge, becoming one of ten schools to reach the regional finals out of approximately 100 entrants. The girls had to prepare a presentation, produce a budget and prepare an advertising campaign, including a radio advert and bus-stop poster. The girls had to work as a team, display leadership and communication skills and keep to tight deadlines. Girls also attended the 2017 Students' Economic Conference in London where they heard from, amongst others, the Chief Secretary to the Treasury, who spoke about the challenges of globalisation and Brexit. This was followed by a visit to the Bank of England.

In February a group of Physicists travelled to St Catherine's College Cambridge to learn about life as a Physicist at Cambridge and the university admissions process. The girls were given experience of the type of thinking and discussion that an interview for a place to read Physics at Cambridge would require and the opportunity to carry out practical tasks. It is greatly to their credit that two girls from QM won the Isaac Physics competition on the day.

In the Spring Term the LVI Art Historians were privileged to present their research on Futurism at the Tate Modern. The UVI Artists also travelled to London when they visited a number of the capital's art galleries. Highlights included an exhibition on Abstract Expressionism at the Royal Academy and a photography exhibition at the National Portrait Gallery.

QM girls brought a creative flair to their computer programming when they participated in the national Raspberry Pi Pioneers project. The girls, who made up Team Star designed and developed their very own Disco Pen. Although it looked like an inconspicuous whiteboard marker, the Disco Pen was fitted with a light sensor so that whenever its cap was removed it played drum and bass music and two LED lights flashed. Their product was considered so successful that Team Star received a Judge's Commendation. As a reward for their Commendation, during the recent summer holidays the girls were invited to attend a Pioneers' Summer Camp held at Google Headquarters in London.

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QM Drama staged two spectacular productions in The Chapman Theatre. QM's superb version of A Christmas Carol had all the structure of a pantomime whilst maintaining the traditional story centred on London's meanest inhabitant, Ebenezer Scrooge. The performance included colourful characters, audience participation and memorable performances. A West End revue, named Blood, Sweat and Tiaras, took audiences from the drama of the French Revolution to a side-splitting comedy sketch set in a shoe shop in 1980s Lancashire. Every girl involved with the production had her chance to shine and it was extremely exciting to see both the accomplished and developing talent being nurtured and encouraged.

Alongside the many individual successes in Dance examinations, the QM Dance Department took audiences on a rollercoaster of emotions in the annual Dance Show, Emotions in Motion. Girls from all years joined the cast and displayed a plethora of Dance styles from Ballet and Tap to Modern and Hip Hop. The exquisitely choreographed show included performances which demonstrated confusion, heartbreak, admiration, fear and optimism, to name but a few.

It has been another busy year on the sporting front. Queen Margaret's continues to be the best Lacrosse school in the North East of England with QM girls making up the majority of the Yorkshire County Lacrosse Team and a number of girls working through the England Academy. Both QM's Hockey players and Netballers saw success this year in both the North East Independent School Hockey leagues and the Senior Invitational Netball Tournament. The QM Mavericks staff and girls team, which gives the girls an opportunity to play club sport in the York & District adult leagues, scored an amazing average of 55 goals in a 60 minute game across the season. It was also a successful year in the saddle for QM's riders, with the highlight being their qualification for the Royal Windsor Horse Show 2017.

In QM's racquet sports, the Squash 1st Team finished as runners up in the York and District Ladies Squash League, undefeated against other schools. In Tennis, the U15 Team finished the season ranked as ninth in Great Britain. In the Summer Term alongside Sports Day and the Parent/Daughter Tennis Tournament the QM athletes competed in many competitions and one girl received Silver at the English Schools' Athletics Association U20 Heptathlon.

The Music Department provided an inspiring calendar of events across the year to showcase the talents of the girls and broaden their experience and knowledge of Music across the ages. The weekly Wednesday@1 concerts, Christmas and Summer concerts, OM drinks receptions and QM Musician of the Year are some of the highlights where parents, other girls, Old Margaretians and friends of the School could appreciate the talents of the QM musicians. One girl has also had the opportunity to take part in 'Big Band in a Day' at Ronnie Scott's Jazz Club in London.

Once again the Queen Margaret's Prince's Trust teams raised a significant amount of money for young people facing challenging times. Around £13,000 was raised in two ten week periods by 22 LVI girls. Their endeavours were wide-ranging. Activities included hosting a raffle with prizes including a Dordogne holiday and helicopter ride to Harvey Nichols.

FUNDRAISING PERFORMANCE

During the course of the year the School received gifts and donations totalling £19,268. The External Relations Committee, together with the newly appointed Director of External Relations, is in the process of launching an Annual Fund Appeal for a range of projects following consultation with staff. The Director of External Relations and the Development Committee have enlisted support from the Institute of Development Professionals in Education as steps are taken towards the final launch of the QM Foundation. Foundation Trustees have been identified and it is planned that the Foundation will be launched and will commence fund-raising in the year to come. The School continues to benefit from gifts given in the past, particularly the legacy from Mrs Janet Churn which benefits girls who might otherwise have to leave school following a change in their parent's circumstances.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

FINANCIAL REVIEW

Results for the Year

In what the Governors anticipated would be a challenging year a breakeven result was targeted and achieved, with the overall result being a small deficit of £28,000 (2016: deficit £42,000). Underlying these figures the School generated a cash surplus (before depreciation and allied items are taken into account) of £607,000. The final modest deficit reflects the impact of depreciation. However the Board notes that it is also impacted by exceptional costs incurred during the year which were counterbalanced by a significant sum received by way of redress as a result of a claim made on behalf of the School. The costs of salaries within the results reflect a full year's impact arising from increased employer's National Insurance contributions following the withdrawal of the contracted-out option for the Additional State Pension, together with Apprenticeship Levy in April 2017 and additional costs to enable us to remain ahead of the National Living Wage. These incremental employee-related costs, together with the increase in the level of employer contributions to the Teachers' Pension Scheme from 1 September 2015, are estimated to have added at least 5% to our wage bill in recent years with no discernible benefit to the School or our fee paying parents. In reflecting on this result we must also anticipate that the increasing regulatory burden that affects the sector will impact on future budgets.

Importantly, during the year the School has continued to maintain investment in its infrastructure whilst reducing its indebtedness to the Yorkshire Bank further.

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 (2016: £5.8m); after deducting the net book value of fixed assets and restricted funds there are free reserves of -£4.0m (2016: -£4.2m). Since 2011 the reserves have been maintained in line with the overall policy with free reserves increasing by £0.7m whilst the School has been able to operate with an overdraft facility that has decreased by £1.3m. The Board is content that the approach to reserves is a reasonable response to the School's current position.

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. The Board has endeavoured to ensure that it delivers optimum value for money and, notwithstanding the inflationary pressures mentioned, the Board decided last year to limit the overall increase in fees in September 2017 to 3.5%.

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

The School has witnessed a decline in the school roll over the past few years. In part this is attributable to external difficulties in the sector and in part to changes in the school including the appointment of a new Head. The Board are confident that the roll will now steady before returning to a modest increase in numbers. Both the Board and the Head are completely content that whilst an increase in numbers will be welcome, the current roll is at a level that results in a happy, successful, vibrant school that functions well across all of its aims.

However, the Board recognise that there is a risk, if matters are not effectively addressed, of failing to generate operating surpluses to provide for the long term sustainability of the school as a result of the cost base becoming misaligned to the size of the school. The Governors have a clear strategy in place to deal with this. With the support of the school's new bank, it is anticipated that in 2017-2018, the School will generate an operating deficit. During the course of that year plans will be implemented that will result in a breakeven result the following year with a gradual increase in surpluses thereafter. The trajectory will be towards the Board's aim of an investment surplus (net total surplus before depreciation as a percentage of net fee income) of circa 12%.

In regard to the School's banking facilities, during the year the Board gave careful attention to the long term financing of the school as the interest only loan facility of £1,000,000 was due for repayment on 24 December 2018. The Board also considered pressures on cash flow at peak times. As a consequence of careful management in the recent past the School was able, in December 2017, to enter into new agreements with Barclays Bank which provide for a term loan of £1,500,000 repayable over 15 years and an overdraft facility of £1,700,000 which is repayable on demand and renewed annually. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%. The transfer to the new facilities were completed on 17 January 2018. The Board consider that this addresses and removes a significant risk to the School.

The Board is conscious of the need to prepare the School for the implementation of the General Data Protection Regulations on 25 May 2018 and a programme of preparation is in hand.

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

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

- 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.

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 termly reports on that work
- Report annually to the Governors on the School's systems of internal control and risk management.

PLANS FOR THE FUTURE

In the Annual Report for the year ended 31 August 2016 the Board outlined its plans for the production of a School Strategic Plan for the five years from 2017 - 2022. The School's Strategic Plan was launched in July 2017 following consultation with the whole School and has been well received by parents and staff. Individual departments have produced or are in the course of producing, development plans for the year to support the aims set out in the Strategic Plan. These aims include:

Education

To deliver a motivating girl-focussed education both inside and outside the classroom we will:

- Ensure that our teaching and learning is of the highest quality and thus the value we add is outstanding across the curriculum
- Provide a curriculum that properly equips girls for life and work in a rapidly changing world
- Ensure that the structure of the School day facilitates and maximises a girl's opportunities to learn, develop and experience
- Ensure that each girl has time for independent learning and is equipped with the skill set to benefit from it
- Enhance our careers provision so as to ensure that every girl is equipped to make informed decisions about her choices after QM.

Pastoral

To provide a first class boarding experience underpinned by compassionate and perceptive pastoral care we will:

- Have the wellbeing of girls as the first priority in everything that we do
- Ensure that opportunities for integration across year groups are maximised
- Further strengthen and enhance the role of the Tutor and the tutoring system
- Provide a programme of activities that is girl-focussed, enriching and broadening
- Continue to provide an award-winning standard of food.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Staff

To attract, develop and retain inspirational staff throughout the School we will:

- Ensure that all staff are fully committed to the unique ethos of the School and are experts in the education of girls
- Embed an excellent programme of CPD and opportunities for networking with other schools
- Ensure that the working environment is conducive to promoting staff wellbeing and outstanding performance
- Ensure our system of review and appraisal remains effective and robust.

Communication

To ensure the continued development of strong and effective communication throughout the QM family we will:

- Encourage all of our stakeholders to understand the advantages of QM and promote the School.
- Maximise the effectiveness of communication with parents regarding their daughters' attainment and progress in all areas of QM life
- Further develop and implement effective and streamlined communication methods throughout the QM family
- Through the Friends of Queen Margaret's (FOQMs), strengthen the network of friendship between our present, past and prospective parents.

Development

To establish and embed a culture of philanthropy within the School community to enhance facilities and infrastructure, and further support the provision of bursaries we will:

- Strengthen our newly established Department of External Relations
- Establish and grow the QM Foundation
- Engage and inspire wider involvement from the extended QM community for the benefit of all girls past and present.
- Review our approach to bursaries
- Ensure that our charitable objectives are appropriate and met
- Further develop our collaborative relationship with the OMA.

Estates

To maintain and develop the facilities and fabric of the School we will:

- Improve and upgrade our facilities to meet our key educational priorities and to support the aspirations of our girls through a phased building campaign, which will include the restoration and development of the libraries and learning resources across the School
- Ensure that sufficient funds are made available so that QM continues to have first rate facilities
- Ensure that sufficient funds are available to reinvest in the fabric of the School to deliver the five year maintenance plan
- Ensure that the boarding facilities are age appropriate and a 'home from home'.

In relation to the Estate we are planning an estate wide development plan to reflect the aims above.

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 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 17 January 2018, 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 17 January 2018

Queen Margaret's School, York Limited
(A Company Limited by Guarantee)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN MARGARET'S
SCHOOL, YORK LIMITED

Opinion

We have audited the financial statements of Queen Margaret's School, York Limited for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of 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.

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- 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; and
- the Governors' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Governors' annual report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement set out on page 16, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

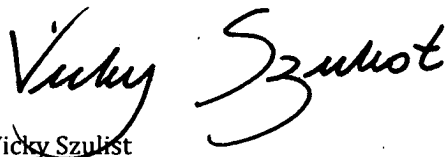
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Vicky Szulist

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

The Lexicon
Mount Street
Manchester
M2 5NT

Date 20 february 2018

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2017 (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

					2017	2016
	Note	Unrestricted funds	Designated funds	Restricted funds	Total	Total
		£'000	£'000	£'000	£'000	£'000
Income from:						
<i>Charitable activities</i>						
School fees	1	7,413	-	-	7,413	7,767
Ancillary trading income	2	789	-	-	789	794
<i>Other trading activities</i>						
Non-ancillary trading income	2	4	-	-	4	33
<i>Investment income</i>	2	249	9	1	259	12
<i>Donations and legacies</i>		19	-	-	19	26
Total incoming resources		8,474	9	1	8,484	8,632
Expenditure on:						
<i>Costs of generating funds</i>						
Costs of generating funds	5	93	-	-	93	166
		93	-	-	93	166
<i>Charitable activities</i>						
Education and grant making	5	8,398	18	3	8,419	8,508
		8,398	18	3	8,419	8,508
Total expenditure	5	8,491	18	3	8,512	8,674
Net (outgoing) resources from operations	3	(17)	(9)	(2)	(28)	(42)
Fund balances at 31 August 2016		5,388	311	71	5,770	5,812
Fund balances at 31 August 2017	13	5,371	302	69	5,742	5,770

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 2017

Registered No: 2010493

	Note	2017	2016
		£'000	£'000
Fixed assets			
Tangible assets	7	9,755	9,981
		<u>9,755</u>	<u>9,981</u>
Current assets			
Stocks - goods for resale		52	76
Debtors	8	450	451
Cash at bank and in hand		10	4
		<u>512</u>	<u>531</u>
Creditors - amounts falling due within one year	9	(3,240)	(3,437)
Net current liabilities		<u>(2,728)</u>	<u>(2,906)</u>
Total assets less current liabilities		<u>7,027</u>	<u>7,075</u>
Creditors - amounts falling due after more than one year	10	(1,285)	(1,305)
Net assets		<u>5,742</u>	<u>5,770</u>
Restricted funds	13	69	71
Unrestricted funds	13	5,673	5,699
Total Funds	13	<u>5,742</u>	<u>5,770</u>

The financial statements on pages 20 to 37 were approved and authorised for issue by the board of Governors on 17 January 2018 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 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Net cash inflow from operations	A		825		1,043
Cash flow from investing activities					
Interest received		259		12	
Interest paid		(86)		(159)	
Payment for tangible fixed assets		(409)		(400)	
Net cash used in investing activities			(236)		(547)
Cash flow from financing activities					
Advance fees scheme:					
Receipts from new contracts		281		248	
Amounts utilised and repaid		(248)		(234)	
Finance lease contracts:					
Receipts from new contracts		-		24	
Amounts repaid		(25)		(27)	
Bank facility (repaid) / utilised		(591)		(506)	
Net cash used by financing activities			(583)		(495)
Change in cash and cash equivalents in the reporting period			6		1
Cash and cash equivalents at the beginning of the period			4		3
Cash and cash equivalents at the end of the period	B		10		4

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

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017	2016
	£'000	£'000
Net (outgoing) resources	(28)	(43)
Interest receivable	(259)	(12)
Financing costs	86	159
Depreciation charges	635	626
Decrease / (Increase) in stocks	24	(14)
Decrease / (Increase) in debtors	1	(5)
Increase in creditors	366	332
Net cash inflow from operations	825	1,043

B Analysis of cash and cash equivalents

	2017	2016
	£000	£'000
Cash at bank and in hand	10	4

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 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 Strategic Report on pages 9 to 15. As reported there, following a number of years of continued reduction in the School's underlying indebtedness, in January 2018, the School has been able to complete the refinancing of its debt with Barclays Bank plc; long term debt which was previously interest only is now provided by a term loan facility over 15 years. The overdraft facility has been increased in order that the peaks and troughs of the School's cashflow can be accommodated in addition to having access to additional working capital if required. The planned cost reduction strategies, mentioned in that section of the report together with those strategies adopted for both recruitment and retention of girls, will ensure that the School becomes increasingly cash generative, which will enable it both to continue to reduce its debt whilst enhancing incrementally the level of investment in its facilities and infrastructure over the years to come.

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.

Stock

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

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%

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.

Amounts received under the School's Advance Fee Scheme contracts for education not yet utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided in within 12 months from the reporting date and as long term liabilities where the education will be provided in subsequent years.

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.

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.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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.

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 2017

1. School Fees

The School's fee income comprised:

	2017 £'000	2016 £'000
Gross fees (net of charge for bad debts)	8,241	8,741
Less: total bursaries, grants and allowances	(846)	(982)
Add: Scholarships, grants and bursaries paid for by restricted funds	18	8
	7,413	7,767

Scholarships, bursaries and other awards were paid to 102 (2016: 118) pupils. Within this means tested bursaries totalling £671,000 were paid to 47 pupils (2016: £800,000 to 58 pupils).

2. Other Income

	2017 £'000	2016 £'000
From charitable activities		
Extra subjects, trips and activities, fees in lieu and other extras	668	655
Use of facilities, registration fees and other miscellaneous activities	121	139
	789	794
Other trading activities		
Lettings and other income	4	33
Investment incomes		
Other interest received	248	1
Transfer from unrestricted funds	11	11
	259	12

Other interest received includes a receipt from Yorkshire Bank plc – see note 10

3. Net (outgoing) Resources

Net (outgoing) resources are stated after charging:

	2017 £'000	2016 £'000
Fixed assets		
Depreciation	635	626
Auditors' remuneration		
For audit services	14	14
For non-audit services	1	1
Operating lease charges		
Land and buildings and motor vehicles	117	117
Interest paid		
Bank interest	46	122
Other interest	5	16
Transfer to restricted funds	11	11

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

4. Staff Costs

	2017 £'000	2016 £'000
The aggregate payroll costs for the year were as follows:		
Wages and salaries	4,667	4,825
Social security costs	443	406
Pension contributions	576	605
	<u>5,686</u>	<u>5,836</u>
Aggregate employee benefits of key management personnel (including employer pension and national insurance costs)	<u>369</u>	<u>366</u>

Included in wages and salaries are the costs of settlement agreements reached with former employees totalling £83,918 (2016: £17,000).

The average number of employees during the year was 187 (2016: 195).

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

	Number	Number
Teaching	69	72
Welfare	55	58
Premises	12	13
Support	14	17
	<u>150</u>	<u>160</u>

Number of higher paid employees in bands of:

	2017 Number	2016 Number
£100,001 - £110,000	1	1
£90,001 - £100,000	-	-
£80,001 - £90,000	-	-
£70,001 - £80,000	-	-
£60,001 - £70,000	3	2

Included in the above higher paid employees were two (2016: one) accruing benefits under defined benefit pension schemes and two (2016: two) under defined contribution schemes. The amount paid to defined benefit schemes on behalf of the above higher paid employees was £29,115 (2016: £19,227). The amount paid to defined contribution schemes on behalf of the above higher paid employees was £10,875 (2016: £10,875).

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

5. Analysis of Expenditure

				2017	2016
	Staff	Other	Depreciation	Total	Total
	£'000	£'000	£'000	£'000	£'000
Charitable activities					
Teaching	3,073	469	24	3,566	3,691
Welfare	1,561	381	-	1,942	1,913
Premises	347	728	611	1,686	1,775
Support costs and governance	705	499	-	1,204	1,121
Grants, awards and prizes	-	21	-	21	8
	5,686	2,098	635	8,419	8,508
Costs of generating funds					
Financing costs - interest payable	-	86	-	86	159
Development costs	-	7	-	7	7
Total expended	5,686	2,191	635	8,512	8,674

6. Governance Costs included in Support Costs:

	2017	2016
	£'000	£'000
Auditors' remuneration - audit services	14	14
Legal and professional fees	1	-
	15	14

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 2016	12,925	440	5,304	192	18,861
Additions	130	27	230	22	409
31 August 2017	13,055	467	5,534	214	19,270
Depreciation					
1 September 2016	4,124	164	4,489	103	8,880
Charge for the year	298	25	292	20	635
31 August 2017	4,422	189	4,781	123	9,515
Net book values					
31 August 2017	8,633	278	753	91	9,755
31 August 2016	8,801	276	815	89	9,981

Included in fixed assets are assets acquired under finance lease with a cost of £119,815 (2016 - £150,655) and net book value of £38,532 (2016 - £59,447)

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

	2017	2016
	£'000	£'000
School fees and extras	296	283
Other debtors	31	64
Prepayments	123	104
	450	451

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

9. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Fees received in advance	1,189	1,012
Trade creditors	249	312
Taxation and social security	110	114
Final term deposits	568	385
Accruals	174	103
Other creditors	11	11
Finance lease (note 16)	14	25
Bank overdraft facility	686	1,276
Deferred Income - advance fees scheme (note 11)	239	199
	3,240	3,437

Long term bank overdraft facility

At the year end, the long term bank overdraft facility is a flexible facility that has a maximum indebtedness limit that is reviewed annually. The maximum overdraft limit was remained at £1,320,000 throughout the year 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 was repayable with 90 days' notice and as such it is included in current creditors.

During the year the Governors considered the long term financing of the school as the interest only loan facility of £1,000,000 with Yorkshire Bank was due for repayment on 24 December 2018 (see note 10). In December 2017 the School entered into new agreements with Barclays Bank plc which provide for a term loan of £1,500,000 repayable over 15 years and an overdraft facility of £1,700,000 which is repayable on demand and renewed annually. The term loan attracts interest at the Bank of England Rate plus a fixed margin of 2.25% and the overdraft at the Bank of England Rate plus a margin of 2.00%. The facilities were completed and drawn down on 17 January 2018 at which point all monies due to Yorkshire Bank were repaid.

Final term deposits

The Governors have reviewed the contract terms under which Pupil fee deposits are held by the school. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The school does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2017 have been included within current liabilities. The prior year Pupil fee deposits balance has been similarly represented.

Queen Margaret's School, York Limited

(A Company Limited by Guarantee)

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

	2017	2016
	£'000	£'000
Bank loan (see below and note 9)	1,000	1,000
Finance lease (note 16)	15	28
Deferred Income – advance fees scheme (note 11)	270	277
	1,285	1,305

In 2016 and prior years the bank loan of £1,000,000 was treated as a fixed rate interest loan only. The total interest cost associated with the loan was 6.06% per annum, including a margin of 1.8%. During the year the School successfully challenged Yorkshire Bank plc on representations made when the loan was taken out and as a result the loan was re-categorised as a variable rate interest only loan from two years after the date the loan was drawn down. The interest rate on the loan is therefore now based on LIBOR plus a margin of 1.8%.

Further Yorkshire Bank plc paid the School £267,283 which represented the difference in the interest charged as a fixed rate loan and that charged as a variable rate loan plus interest on this balance from the date the loan was re-characterised; £20,000 of this amount has credited against interest paid in the year. The loan was due for repayment in full on 24 December 2018 however it was settled on 17 January 2018 as part of the refinancing as outlined in note 9.

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:

	2017	2016
	£'000	£'000
Within 1 year	239	199
Within 1 to 2 years	183	77
Within 2 to 5 years	78	181
Over 5 years	9	19
	509	476

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

	£'000	£'000
Balance at 1 September 2016	239	462
New contracts	181	248
Repayment of contract	80	-
Payment of fees to the School	9	(234)
Balance at 31 August 2017	509	476

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

12. Financial Instruments

	2017	2016
	£'000	£'000
Financial assets measured at amortised cost (a)	337	351
Financial assets measured at fair value	0	0
Financial liabilities measured at amortised cost (b)	(2,827)	(3,253)
Net financial liabilities measured at amortised cost	(2,490)	(2,902)

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

(b) Financial liabilities include deposits and trade and other creditors

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

13. Statement of Funds

	Balance at 31 August 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2017 £'000
Restricted funds					
Bursary Funds	56	1	-	-	57
Other restricted funds	15	-	(3)	-	12
Total restricted funds	71	1	(3)	-	69
Unrestricted funds					
<i>General:</i>					
Accumulation fund	5,388	8,474	(8,491)	-	5,371
<i>Designated:</i>					
Janet Churm Bursary Fund	311	9	(18)	-	302
Total unrestricted funds	5,699	8,483	(8,509)	-	5,673
Total funds	5,770	8,484	(8,512)	-	5,742

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 two current girls to stay in the School. Other restricted funds are for the benefit of the School Council and also the Chaplain.

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

	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

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 2017 £'000
Restricted funds	-	69	-	69
Unrestricted funds	9,755	(2,797)	(1,285)	5,673
	9,755	(2,728)	(1,285)	5,742

	Fixed assets £'000	Net current assets/(liabilities) £'000	Long term liabilities £'000	Total 2016 £'000
Restricted funds	-	71	-	71
Unrestricted funds	9,981	(2,630)	(1,652)	5,699
	9,981	(2,559)	(1,652)	5,770

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

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 £576,000 (2016: £605,000) 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 £437,000 (2016: £457,000) and at the year-end £57,000 (2016 - £59,000) 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 and completed in 2018, 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.

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

16. Financial commitments

Operating lease commitments

At 31 August 2017 the company had future minimum lease commitments under non-cancellable operating leases for land and buildings and motor vehicles which expire as follows:

	2017 £'000	2016 £'000
Within one year	117	108
Within two to five years	379	290
After five years	23	49
	519	447

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

Finance lease commitments

At 31 August 2017 the company had commitments under finance leases for plant and machinery which expire as follows:

	2017 £'000	2016 £'000
Within one year	14	25
Within two to five years	14	28
	28	53

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 (2016: five) of the School who held office for at least part of the year had daughters enrolled at the School during the year; none (2016: one) 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 £152,000 of oil on the terms consistent with that which existed before the transaction. At the year-end £3,052 was outstanding and included in trade creditors.

No Governors received any remuneration from the school during the year. One (2016: four) Governor has received reimbursements totalling £470 (2016: £1,025) for out of pocket travel expenses incurred in the process of undertaking their duties as Governors.

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

19. Statement of Financial Activities for the Year Ended 31 August 2016
(incorporating an Income and Expenditure Account)

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