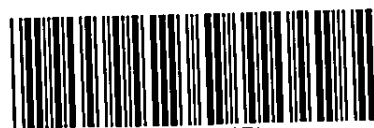


ST. MARY'S SCHOOL, MELROSE
A Charitable Company Limited by Guarantee

Recognised Charity Number:
SC 009352

FINANCIAL STATEMENTS
For the period ended 31st August 2012

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ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS
for the year ended 31st August 2012

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ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

FINANCIAL STATEMENTS
for the year ended 31st August 2012

Company Registration Number: SC 23577

Recognised Charity Number: SC 009352

Registered Office: Abbey Park
Melrose
Roxburghshire
TD6 9LN

Governors: G.T.G. Baird (Chairman)
The Right Hon. Lord Abernethy (Vice-chairman)
L.A.C. Ashby
D. Sturrock
Dr D. Younger
C.D. Grant
E.L. Woods
J. Robertson
C.B. Godfrey-Faussett
P. Murray
A. Armstrong
J. Howell
S. Edwardson
A. Wright

Secretary: F. Nicholson

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

Bankers: The Royal Bank of Scotland
High Street
Melrose
Roxburghshire
TD6 9PF

REPORT OF THE GOVERNORS

The Governors, who are also the Company Directors and the Charity Trustees, submit their report, together with financial statements, for the period ended 31st August 2012.

The financial period has been extended this year and covers 13 months. In future accounts will be prepared annually to 31 August.

St. Mary's School, Melrose is a charitable company founded in 1945 with the liability of its members limited to £1 each by guarantee.

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

The school is governed by its Memorandum and Articles of Association, last amended 2005.

Governing Body

The Board of Governors determine the general policy of the School. The day to day management of the School is delegated to the Headmaster. The membership of the Board during the year is set out below. All Governors served throughout the year except as stated below.

L.A.C Ashby, P. Murray, J Robertson and Dr D Younger retire by rotation at the A.G.M. and, being eligible, L.A.C Ashby, P. Murray and J Robertson offer themselves for re-election. The Right Hon. Lord Abernethy has also advised the board that he will retire at the forthcoming A.G.M.

G.T.G. Baird	I. Wilson (Resigned 06/12/11)	C.D. Grant
The Right Hon. Lord Abernethy	L.A.C. Ashby	C.B. Godfrey-Faussett
Dr D. Younger	D. Sturrock	J. Robertson
J.M. Bruce (Resigned 06/12/11)	E.L. Woods	P. Murray
A. Armstrong (Appointed 06/12/11)	J. Howell (Appointed 06/12/11)	S. Edwardson (Appointed 06/12/11)
A. Wright (Appointed 06/12/11)		

The company has no share capital and therefore no Governor holds any shares but each, as a member, has guaranteed to pay a sum of £1 if called upon. Governors are elected in accordance with the terms set out in the Articles of Association. Governors are elected for a three year term for a maximum of twenty years.

Governor's Responsibilities for the Financial Statements

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charitable company during the year and of the financial position at the end of the year. In preparing those financial statements, the Governors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain its financial position and to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed Assets

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

OBJECTS, AIMS, OBJECTIVES & PRINCIPAL ACTIVITIES

Risk Management

The Board continues to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time, and to monitor steps which can be taken by which those risks already identified by the Governors can best be mitigated.

REPORT OF THE GOVERNORS (continued)

Object

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

Principal Activity

The company operates an independent preparatory school.

FINANCIAL REVIEW & RESULTS

Review of Activities and Financial Position

A surplus of £20,550 was achieved and transferred to relevant funds being £20,563 surplus to the general fund and (£13) deficit to restricted funds (2011 surplus of £66,341 allocated (£177,587) deficit to general fund and £243,928 surplus to restricted funds). The Governors are delighted with progress made during the year and as a result of the difficult staffing restructuring implemented at the end of last year and the cost savings we have made during the year, we have recorded a surplus on the general fund which is £124,092 higher than last year on a like for like basis. In addition, despite paying £92,909 of redundancy costs during the year, the schools debt position has remained stable. Class and boarding fees amounted to £1,244,126 after discounts of £91,915 and bursaries of £186,131 (2011 £1,282,209 after discounts of £102,389 and bursaries of £84,126).

The value of each class of discount was as follows:

	£
Staff	51,083
Sibling	40,832
Total discounts 2012	91,915

Bursaries Awarded 2012	186,131
------------------------	---------

This is shown in terms of the number of pupils receiving assistance was as follows:

	No. of Pupils
Bursary Only	24
Discount Only	32
Bursary & Discounts	13

Total Pupils receiving assistance	69
-----------------------------------	----

The completion of reorganisation to the staffing at the School has provided a fresh impetus to the curriculum. Design and Technology has been introduced with some financial support from The Former Pupils' Association to refurbish the room below the Staff flat previously used for Music and IT. Music has been relocated to Room 5 at the far end of the Sproat Wing Veranda and is flanked by two Drama Costume stores that also double up as Music Practice rooms. IT has been relocated to The Hamilton Building and the old IT provision will be used for a Design Technology display area in the meantime. The new IT room will be more accessible to staff and pupils in their day to day routines and more thorough and convenient supervision will be part and parcel of a collaborative working space for all.

Meanwhile the Hamilton, Sanderson and Gannochy buildings continue to stand out as first class teaching facilities and spaces for classes from Lower Transition right through to Form 8.

Throughout the year school numbers again fluctuated between 119 and 122 with encouraging interest being shown. A healthy intake from Upper Kindergarten and further interest being shown by prospective parents means a projected number of 127 are anticipated for the coming academic year.

All Form 8 passed entry in to their first choice Senior Schools with three gaining awards of All-Rounder or Sports Exhibition status. Pupils have gone on to Loretto (5), Strathallan (1), Glenalmond (1), Merchiston (1), Fettes (1) and Gordonstoun (1). Common Entrance results were very much in line with prediction given the Cognitive Attainment Tests carried out at various stages throughout each pupil's St. Mary's education. Though no pupils left the school to attend local State Secondary education at the end of Form 7 four families left for other schools in the State sector, abroad, in England or in Edinburgh.

The extensive extra-curricular programme has once again provided every pupil in the school a chance to perform on the stage, on the games field, in the art studio and as part of a debating team, creative writing team, chess team and in dance productions. St. Mary's boasted several boys and girls selected for representative sides in hockey, netball, rounders and rugby.

REPORT OF THE GOVERNORS (continued)

Review of Activities and Financial Position (continued)

Parents were invited to offer feedback through a questionnaire process. There were a number of very interesting and constructive points raised that spanned across processes of an educational, administrative and communication nature. The vast majority of feedback was extremely positive and complimentary particularly regarding the dedication and caring, friendly approach of staff leading to a happy and vibrant school.

The School is in good heart and the projected budget for the coming academic year will allow for a more extensive rolling programme of maintenance and continued refurbishment.

Reserves Policy

The school continues to meet its day to day working capital requirements by means of a bank overdraft facility agreed periodically with the company's bankers. In recent years surpluses allowed the school to start building a cash reserve to assist in meeting objectives in developing the school. The policy remains to strengthen reserves where possible although this is impacted by the challenging economic environment at the present time.

Development of the fabric of the school will continue to be a work in progress and various elements of refurbishment which are always going to be an ongoing requirement are constantly under review.

School Development Plan

The School's "Guiding Principles" still very much underpin the way forward in all-round educational terms though specific focus is now on academic standards and attainment throughout the pre-prep and prep school. The review of schemes of work and assessment throughout the lower, middle and upper parts of the school which commenced last year are on-going with a team of expert Governors continuing to lend their knowledge to the process.

St Mary's continues to take its pastoral responsibilities very seriously and continually works to improve facilities for all its pupils and in particular the on-going strengthening of the boarding offering. This continues to be an area of particular focus for Mr Harvey and his wife Marnie.

Community Partnerships and Shared Benefit

The School is very much part of the independent school network both north and south of the border. Regular visits to various schools both for staff training purposes or educational and extra-curricular activities allows St. Mary's to maintain close links with other schools in the sector. Equally, visits from independent prep schools and senior schools are common place and enhance the valued links the School has with other independent schools.

St. Mary's has also increased involvement with schools from the state sector. Opportunities are provided for local primary schools to be involved in leadership challenge activities, choir concerts, music lessons and drama productions. Opportunities to link with Melrose Primary School have allowed a developing rapport between pupils and staff from both schools and the sound working relationship established between the two heads continues.

Music Societies, Judo clubs, Ballet Tuition, touring rugby teams playing fixtures against local club sides, Save the Children fund raising events and The Borders Book festival have all used the facilities at St Mary's School over the last year and we continue to build on our friendship with our neighbours Melrose RFC in offering them assistance and facilities for their annual 7s tournament as well as overspill car parking and catering opportunities when required.

Public events such as the very successful Science initiative "Bang Goes The Borders", due to be held again in September 2012, has opened the School too many who would not ordinarily visit the campus. Many children and their parents will benefit from a very enjoyable and educational day when various senior schools, universities and science based businesses provide workshops, demonstrations and talks to engage and enthuse the young people who will attend them. Links with local clubs and schools have been further strengthened by a number of initiatives. Joint coaching and fixture ventures have proved highly successful with Melrose Primary School whose pupils also attend music tuition opportunities and provide pupils for joint choir ventures for events such as the Christmas Charity Concert in Melrose Parish Church.

Bursary allocation remains high as the School recognises the need to support existing families and the absolute benefit to others who would not necessarily be able to afford a private prep school education for their children.

Development and Recruitment of Governors

When vacancies arise Governors are very carefully selected on the basis of the benefit that their experience can bring to the Board. The Board will strive to ensure that a wide mix of skills and experience exists within the group. Governors regularly attend training courses and seminars run by bodies such as the Scottish Council of Independent Schools to ensure knowledge within the group is both developed and kept up to date.

REPORT OF THE GOVERNORS (continued)

Development and Recruitment of Governors (continued)

This year, for the first time, the school advertised within its Parent Body for Parent Governors and following a rigorous recruitment and selection process appointed 3 new Parent Governors to the Board. In the on-going trying economic climate, the Board of Governors of St Mary's School, Melrose recognises that there will be continued challenges for the school and its parent body. We are confident that the school is strongly placed to weather this storm and to provide help where it is needed. The school will be governed prudently and wisely to ensure that St Mary's stands strong and ready to embrace the future whatever it holds in store for us all.

AUDITORS

Statement as to Disclosure of Information to Auditors

So far as the Governors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Governor has taken all steps that he or she ought to have taken as a Governor in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

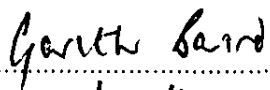
Auditors

Douglas Home & Co Ltd offer themselves for re-appointment as auditors in accordance with Sections 485 to 488 of the Companies Act 2006.

Small Company Exemptions

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD


..... G Baird Trustee
7 / 11 / 12 Date

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF
ST. MARY'S SCHOOL, MELROSE**

We have audited the financial statements of St Mary's School, Melrose for the period ended 31st August 2012 on pages six to fourteen. The financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As described on page 1 the company's Governors, who also act as Trustees for the company's charitable activities and who are directors of the charity for the purposes of company law, are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under these Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements 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 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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Governors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st August 2012 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in 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 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Governors Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Douglas Home & Co Ltd

Lesley Mark FCA DChA (Senior Statutory Auditor)

Douglas Home & Co Ltd

Chartered Accountants & Registered Auditors

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

47-49 The Square

Kelso

Roxburghshire

TD5 7HW

Date: 13 November 2012

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating the Income and Expenditure Account)

For the period ended 31st August, 2012

		Restricted Funds							
		Unrestricted Fund	Bursary Fund	Farr-Out Challenge Fund	Resurfacing Fund	Bang Goes The Borders	Designated Donation Fund	Total 2012	Total 2011
Note		£	£	£	£	£	£	£	£
INCOMING RESOURCES									
Incoming Resources from Charitable Activities									
	School Fees Receivable	2	1,244,126	-	-	-	-	1,244,126	1,282,209
	(after discounts and bursaries of £278,046)							-	
	Kindergarten Fees		81,339	-	-	-	-	81,339	80,478
	Registration Fees		1,700	-	-	-	-	1,700	1,150
	Sundry Receipts		11,325	-	-	-	-	11,325	9,913
Incoming Resources from Generated Funds									
	Grants & Donations		300	300	-	21,524	2,000	24,124	269,319
	Activities for generating funds:								
	Investment Income		94	2,235	4	-	-	2,333	2,056
	Other Incoming Resources		-	-	-	-	-	-	2,251
	Total Incoming Resources		1,338,884	2,535	4	21,524	2,000	1,364,947	1,647,376
RESOURCES EXPENDED									
Charitable Activities									
	School Operating Costs		1,280,384	-	1,654	24,086	332	1,306,456	1,548,347
Costs of Generating Funds									
	School Financing Costs		26,252	4	-	-	-	26,256	24,887
	Governance Costs		11,685	-	-	-	-	11,685	7,801
	Total Resources Expended	4	1,318,321	4	1,654	24,086	332	1,344,397	1,581,035
	Net Incoming/(Outgoing) Resources before transfers		20,563	2,531	(1,650)	(2,562)	1,668	20,550	66,341
	Transfers between Funds		20,438	-	-	2,562	-	(23,000)	-
	Net Incoming/(Outgoing) Resources		41,001	2,531	(1,650)	-	1,668	(23,000)	66,341
	(Losses)/Gains on Investments		27	265	-	-	-	292	3,652
	Net Movement in Funds		41,028	2,796	(1,650)	-	1,668	(23,000)	69,993
	Fund Balances Brought Forward		2,753,819	51,806	3,260	-	-	2,831,885	2,761,892
	Fund Balances Carried Forward	14	2,794,847	54,602	1,610	-	1,668	2,852,727	2,831,885

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

BALANCE SHEET
At 31st August, 2012

	Note	2012 £	2011 £
Fixed Assets			
Tangible Assets	7	<u>3,256,951</u>	<u>3,333,339</u>
Current Assets			
Stock		739	739
Debtors	8	34,374	40,818
Investments	9	57,787	48,495
Cash at Bank		6,677	26,101
		<u>99,577</u>	<u>116,153</u>
Creditors: Amounts Falling Due Within One Year	10	(91,242)	(168,321)
Net Current Assets/(Liabilities)		<u>8,335</u>	<u>(52,168)</u>
Total Assets less Current Liabilities		3,265,286	3,281,171
Creditors: Amounts Falling Due After More than One Year	11	(412,559)	(449,286)
Total Net Assets		<u><u>£ 2,852,727</u></u>	<u><u>£ 2,831,885</u></u>
Reserves:			
- Unrestricted Funds			
General Fund	13	2,794,847	2,753,819
- Restricted Funds			
Bursary & Redevelopment Appeal Fund	13	54,602	51,806
Farr-Out Challenge Fund	13	1,610	3,260
Bang goes the Borders	13	1,668	-
Designated Donations	13	-	23,000
		<u><u>£ 2,852,727</u></u>	<u><u>£ 2,831,885</u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standards for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Governors on 7/11/12 and signed on its behalf by

G Baird
Chairman

Gareth Baird

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st August 2012

1. Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of heritable property and investments and in accordance with applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice 2005: Accounting by Charities issued May 2008.

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

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Fees and Meal Charges

Fees and meal charges are the total amount receivable by the company in respect of school fees and outlays and meal charges, and are inclusive of any VAT suffered on outlays. This is net of fee discounts and bursaries granted which totalled £278,046 this year.

Depreciation

Depreciation is calculated to write down the cost or valuation of tangible fixed assets to residual value over their expected useful lives. The rates and methods generally applicable are:

Heritable Property	Cost less 50% residual value over 40 years
Improvements to Property	5% straight line
Fixtures and Fittings	10% reducing balance/10% straight line
Plant and Equipment	25% straight line
Motor Vehicles	25% straight line

Included in Fixtures and Fittings is a piano gifted to the school. No depreciation has been provided on this instrument as in the opinion of the Governors the asset life is so long and the residual value so high that any charge would be immaterial.

Stock

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

Contributions to Pension Funds

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

Leased Assets

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

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

Investments

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st August 2012

1. Accounting Policies (continued)

Expenditure

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

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

Fund Accounting

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund. Once the fund has been expensed on capital items a transfer is made to general fund.

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

2. School Fees Receivable

	2012	2011
	£	£
Gross Fees	1,522,172	1,468,724
Discounts	(91,915)	(102,389)
Bursaries	<u>(186,131)</u>	<u>(84,126)</u>
	<u>1,244,126</u>	<u>1,282,209</u>

3. Staff Costs

	2012	2011
	£	£
Salaries & wages (2011 includes redundancy costs)	822,216	961,010
Social security	61,598	64,017
Other pension costs	<u>69,208</u>	<u>76,227</u>
	<u>953,022</u>	<u>1,101,254</u>

Average number of employees during the year	<u>46</u>	<u>48</u>
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During the year no employee received a salary or wage greater than £60,000

ST. MARY'S SCHOOL, MELROSE (Registered Number: SC 23577)
A Charitable Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st August, 2012

4. Resources Expended

The movement in funds is stated after:

	2012 £	2011 £
Auditors' Remuneration	2,586	2,460
Auditors - Other work	3,492	1,991
Depreciation - Owned Assets	72,243	66,564
- Assets under Hire Purchase Obligations	5,965	5,965
Operating Lease Rentals	11,817	8,204
	<u>118,093</u>	<u>145,184</u>

Resources Expended

Staff Costs (Note 3)	953,022	1,101,254
Depreciation	78,208	72,527
Bank Interest	23,834	21,426
Other Resources expended	289,333	385,828
	<u>1,344,397</u>	<u>1,581,035</u>

Further details of resources expended are as follows:

Charitable Activities	2012 £	2011 £
School Operating Costs:		
Staff Costs	913,705	1,060,920
Catering	52,077	59,458
Books & Class Materials	9,867	13,447
Rent, Rates & Insurance	45,580	43,221
Light, Heat & Water	51,239	52,209
Property Repairs	12,929	28,323
Other	74,759	66,109
Depreciation	78,208	72,527
Provision for doubtful debts	(8,330)	46,128
Support Costs:		
Staff Costs	33,710	36,984
Printing, Stationery & Telephone	22,654	28,366
Computer software & maintenance	14,836	32,239
Professional fees	1,783	-
Marketing	3,439	8,416
	<u>£ 1,306,456</u>	<u>£ 1,548,347</u>

Costs of Generating Funds

School Financing Costs:

Bank Interest & Charges	4,046	2,982
Bank Loan Interest & Charges	20,806	18,444
Hire Purchase	1,404	3,461
	<u>£ 26,256</u>	<u>£ 24,887</u>

Governance Costs

Auditors' Remuneration	2,586	2,460
Auditors - Other work	3,492	1,991
Staff Costs	5,607	3,350
	<u>£ 11,685</u>	<u>£ 7,801</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31st August, 2012

5. Governors' Remuneration

The Governors received no remuneration and no expenses were reimbursed during the year (2011 - nil).

The School purchased insurance to indemnify the Governors which was included as part of the public liability premium.

6. Taxation

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

7. Fixed Assets

	Heritable Land and Buildings £	Fittings and Furniture £	Plant and Equipment £	Property Improvements £	Motor Vehicles £	Total £
Cost or Valuation						
At 1st August 2011	3,061,847	333,122	214,557	202,193	21,526	3,811,719
Additions	-	1,820	-	-	-	1,820
Disposals	-	-	-	-	-	-
Reclassification	-	23,000	(23,000)	-	-	-
At 31st August 2012	<u>3,061,847</u>	<u>357,942</u>	<u>191,557</u>	<u>202,193</u>	<u>21,526</u>	<u>3,813,539</u>
Depreciation						
At 1st August 2011	63,410	155,579	172,191	87,200	21,526	478,380
Charge for Year	29,678	26,858	11,822	9,850	-	78,208
Disposals	-	-	-	-	-	-
Eliminated on Disposal	-	-	-	-	-	-
At 31st August 2012	<u>93,088</u>	<u>182,437</u>	<u>184,013</u>	<u>97,050</u>	<u>21,526</u>	<u>556,588</u>
Net Book Value						
At 31st August 2012	<u>2,968,759</u>	<u>175,505</u>	<u>7,544</u>	<u>105,143</u>	<u>-</u>	<u>3,256,951</u>
At 31st August 2011	<u>2,998,437</u>	<u>177,543</u>	<u>42,366</u>	<u>114,993</u>	<u>-</u>	<u>3,333,339</u>

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

	Heritable Land and Buildings	
	2012 £	2011 £
At Cost	2,664,847	2,664,847
At 1991 Valuation	397,000	397,000
	<u>£ 3,061,847</u>	<u>£ 3,061,847</u>

The heritable land and buildings were valued on 31st July, 1991 by Lorne Brown Associates, Chartered Surveyors, on an open market basis. The charity adopted the transitional provisions of Financial Reporting Standard 15 and this valuation has not therefore been updated.

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

	Net Book Value		Depreciation Charge for Year	
	2012 £	2011 £	2012 £	2011 £
Class of Asset				
Plant & Machinery	-	5,965	5,965	5,965
	<u>-</u>	<u>5,965</u>	<u>5,965</u>	<u>5,965</u>

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For the period ended 31st August, 2012

8. Debtors	2012 £	2011 £
Trade Debtors	24,882	32,602
Prepayments and accrued income	9,492	8,216
	<u>34,374</u>	<u>40,818</u>

9. Current Asset Investments

Investments form part of the General Fund and Bursary Fund.	2012 £	2011 £
Listed U.K. Investments:		
Market Value at 1st August 2011	48,495	39,907
Purchases at cost	8,893	4,936
Add net (Loss)/Gain on Revaluation at 31st August 2012	292	3,652
Cash held	107	-
	<u>£ 57,787</u>	<u>£ 48,495</u>
Total Market Value at 31st August 2012	<u>£ 57,787</u>	<u>£ 48,495</u>
Historical Cost of Listed Investments at 31st August 2012	<u>£ 61,614</u>	<u>£ 52,614</u>

10. Creditors: Amounts Falling Due Within One Year

	2012 £	2011 £
Bank Loan and overdrafts (see note 12)	44,229	31,015
Trade Creditors	25,560	5,836
Hire Purchase Creditor	-	6,032
Other Taxes and Social Security	15,315	19,025
Accruals and Deferred Income	6,138	13,504
Other Creditors	-	92,909
	<u>£ 91,242</u>	<u>£ 168,321</u>

The bank loan and any overdraft is secured by a standard security over the school buildings and land and by a bond and floating charge over all of the company's assets.

The school meets its day to day working capital requirements at key points during the year, through an overdraft facility which is repayable on demand. The school expects to operate within the facility currently agreed and within that expected to be agreed periodically with the company's bankers. These views are based on the company's plans and on discussions held by the school with its bankers.

11. Creditors: Amounts Falling Due After More than One Year

	2012 £	2011 £
Bank Loan (see note 12)	412,559	449,286
	<u>£ 412,559</u>	<u>£ 449,286</u>

12. Loans And Overdrafts

An analysis of the maturity of loans and overdrafts is given below

	2012 £	2011 £
Amounts falling due within one year or on demand:		
Overdraft	11,104	-
Bank Loan	33,125	31,015
	<u>44,229</u>	<u>31,015</u>
Amounts falling due between two and five years:		
Bank Loan	<u>146,720</u>	<u>137,372</u>
Amounts falling due in more than five years:		
Bank Loan	<u>265,839</u>	<u>311,914</u>

NOTES TO THE FINANCIAL STATEMENTS
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13. Funds

	Restricted					Unrestricted	
	Bursary Fund £	Farr-Out Challenge £	Resurfacing Fund £	Bang goes the Borders £	Designated Donations £	General Fund £	Total £
At 1st August, 2011	51,806	3,260	-	-	23,000	2,753,819	2,831,885
Net Incoming/Outgoing Resources	2,531	(1,650)	(2,562)	1,668	-	20,563	20,550
Unrealised (Losses)/Gain on Investments	265	-	-	-	-	27	292
Transfers	-	-	2,562	-	(23,000)	20,438	-
At 31st August, 2012	<u>£ 54,602</u>	<u>£ 1,610</u>	<u>£ -</u>	<u>£ 1,668</u>	<u>£ -</u>	<u>£ 2,794,847</u>	<u>£ 2,852,727</u>

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

Unrealised gains of £168,817 (2011 - £168,817) for tangible fixed assets are included in the General Fund above.

Designated Donations are donations received for a specific purpose, either to meet revenue expenditure or provide fixed assets for use by the School. These funds have been expensed on the items specified by the donor, and transferred to general funds where items are of a capital nature and have no further conditions attached.

The Bursary Fund (formerly the Bursary & Redevelopment Appeal Fund) is being grown for future sponsorship of pupils qualifying for support. The balance on the fund at the year-end comprises investments (£53,937) and cash at bank (£665).

The Farr out challenge fund was set up to sponsor inter schools competitions events. The balance on the fund at the year end comprises of cash at bank.

Bang Goes the Borders fund was set up to host a science initiative day which is held annually. The first event was held in May 2011 with the next event due to take place in September 2012. The balance on the fund at the year end comprises of cash at bank.

The Resurfacing fund was donations received from parents to resurface the tennis courts and the area outside of the kindergarten classrooms. There was a shortfall once all the work was completed and this was met out of the general fund.

14. Analysis of Net Assets Between Funds

	Tangible Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Restricted Funds				
Bursary & Redevelopment Appeal Fund	-	54,602	-	54,602
Farr-Out Challenge Fund	-	1,610	-	1,610
Bang goes the Borders		1,668		1,668
Unrestricted Funds	3,256,951	(49,545)	(412,559)	2,794,847
	<u>3,256,951</u>	<u>8,335</u>	<u>(412,559)</u>	<u>2,852,727</u>

NOTES TO THE FINANCIAL STATEMENTS
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15. Pensions

The Charity participates in a multi employer defined benefits scheme, Scottish Teachers Superannuation Scheme, for its teaching staff which in common with other Government pension schemes is unfunded. The school is unable to identify its share of the underlying liabilities of the scheme and therefore, in accordance with the Charities SORP 2005 (revised May 2008), accounts for the contributions of the scheme as if it were a defined contribution scheme.

The latest actuarial valuation of the scheme was carried out as at 31 March 2005, at which there was a deficit reported on the scheme of £836 million. The results of this valuation were rolled forward to give a liability of £24.37 billion at 31st March 2010.

As the scheme is unfunded there can be no surplus or shortfall. Pension contributions rates will be set by the schemes actuary at a level to meet the cost of pensions as they accrue.

The total pension costs for teaching staff in the year was £69,208 (2011: £76,227).

16. Leasing Commitments

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

	2012 £	2011 £
Within one year	7,554	-
Between two and five years	6,861	7,554
Over five years	-	650
	<u>14,415</u>	<u>8,204</u>

17. Transactions with Governors

Five Governors had children in attendance at the School during the year (2011 four Governors). One Governor received bursary assistance valued at £11,092, all others paid full rates.