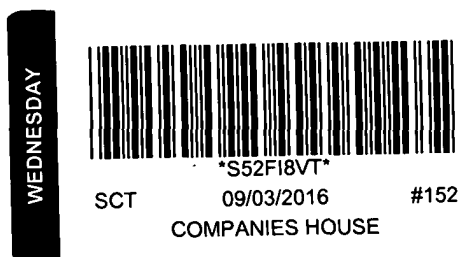


REGISTERED COMPANY NUMBER: SC023577 (Scotland)
REGISTERED CHARITY NUMBER: SC009352

**Report of the Trustees and
Audited Financial Statements for the Year Ended 31 August 2015
for
St Mary's School, Melrose**



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

**Contents of the Financial Statements
for the Year Ended 31 August 2015**

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**Report of the Trustees
for the Year Ended 31 August 2015**

The School Governors who are also the trustees and directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year to 31 August 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

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

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC023577 (Scotland)

Registered Charity number

SC009352

Registered office

Abbey Park
Melrose
Roxburghshire
TD6 9LN

Trustees

G T G Baird
L A C Ashby
D P Sturrock
C D Grant
J Robertson
C B Godfrey-Faussett
P Murray
J D Howell
S N Edwardson
A A Wright
N J Pollock
A A P Fleck
E J Smith

Chairman

- resigned 18/2/15

Vice Chairman

- resigned 1/10/15

Company Secretary

F M Tait

Senior Statutory Auditor

Carron McEwen FCCA

Auditors

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

Bankers

The Royal Bank of Scotland
High Street
Melrose
TD6 9PF

**Report of the Trustees
for the Year Ended 31 August 2015**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Governing Body

The Board of Governors (Trustees) 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 above. All Trustees served throughout the year except as stated.

N. J. Pollock, D. P. Sturrock and A. A. Wright retire by rotation at the AGM and, being eligible, offer themselves for re-election.

The company has no share capital and therefore no Trustee holds any shares but each, as a member, has guaranteed to pay a sum of £1 if called upon. Trustees are elected in accordance with the terms set out in the Articles of Association. Trustees are elected for a three year term for a period not normally exceeding twenty years.

Recruitment, appointment and development of new trustees

When vacancies arise Trustees 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. Trustees 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.

The school continues to advertise within its Parent Body for Parent Governors as required. In the on-going economic climate, the Board of Trustees 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.

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 Trustees can best be mitigated. The Board are also monitoring the continued debate on Charitable Status for independent Schools.

OBJECTIVES AND ACTIVITIES

Objectives and aims

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

Principle activities

The company operates an independent preparatory school.

**Report of the Trustees
for the Year Ended 31 August 2015**

ACHIEVEMENT AND PERFORMANCE

Review of activities and financial position

A surplus of £241,679 was achieved during the year, being £231,398 to the general fund, and £10,281 to the restricted fund. The Governors are delighted that once again we have been able to build on the progress made over the last 3 years. By continuing to be prudent and cautious in the improving, but still uncertain, economic landscape the Governors have again been able to recognise the enormous effort put in by the staff, both teaching and non-teaching, by awarding an inflationary pay increase for the 2015-16 academic year. The cash surplus will also enable the Governors to continue to invest in the fabric of the School for the long term benefit of the pupils and a number of investment projects are currently being looked at. These include relocation of Kindergarten; new School Management System; refurbishment and relocation of the School's Boarding facilities. This continued investment in the School will require the Board to once again carefully manage the School finances in the year ahead.

Class and boarding fees amounted to £1,772,895 after discounts of £163,900 and bursaries of £343,642 (2014: £1,521,803 after discounts of £150,181 and bursaries of £282,257).

The value of each class of discount was as follows:

	£
Bursaries Awarded 2015	343,642
Discounts Awarded 2015	
Staff	69,978
Sibling	56,768
Other	37,154
Total discounts 2015	163,900

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

	No. of Pupils
Bursary only	38
Discount only	44
Bursary & discounts	10
Total pupils receiving assistance	92

The curriculum continues to be well balanced and appropriately rigorous to allow parents a wider choice of senior schools beyond St. Mary's for their children.

Academic performance of the leaving pupils continued to be strong with three pupils gaining an Academic Scholarship to Loretto, Oundle and Sedburgh; 3 pupils gaining Sports Scholarships to Kilgraston, Loretto and Queen Margaret whilst our other twelve pupils passed Common Entrance and successfully gained places at their senior school of choice.

At the end of the Summer Term we said goodbye to four members of staff. Mr Morris, Head of Science, who left to take up the role of Assistant Headmaster at Mowden Hall Prep School; Miss Nicki Wight, Form 2 Teacher and SpLD Assistant, who left to take up a post in the SpLD department at Campie Primary School in Musselburgh; Mrs Isobel Middleton, Housekeeper, who retired after 14 years with the School; and Mrs Lisa Jeffrey, Kindergarten Assistant, who decided not to return to work at the end of her maternity leave.

The year saw a number of refurbishment and improvement projects being carried out in various areas of the School:-

Driveway: a new tarmac surface was laid between the School entrance and the Morrison Hall replacing the old broken tarmac surface.

Sanderson Building: a special reflective heat covering was installed on the canopy of this building. This will help keep the building much cooler during spells of hot weather. A staff workstation, fully equipped with computer, was set up within the entrance area of this building to allow staff, who do not have a permanent base, space to work during their preparation time.

**Report of the Trustees
for the Year Ended 31 August 2015**

ACHIEVEMENT AND PERFORMANCE

Review of activities and financial position

School Administrator's Office: created by knocking down adjoining wall between small storage cupboard in the FP Corridor and the area at the back of the old library. This space provides the School Administrator a quiet area in which to work and a private area to meet with parents and suppliers.

Lodge: since the relocation of the ICT suite to the Hamilton Building this area of the School had not been used. The decision to turn it into staff accommodation was taken and the work completed over the summer holiday period. Completed to a high standard the Lodge now offers quality, comfortable accommodation and in the new academic year will be occupied by our new Head of Science and her child.

Security Doors: new security doors were fitted at the entrance leading in to the FP Corridor. These doors operate on a keypad system and provide additional security to this area of the School.

CCTV: cameras and recording system were installed during October 2014 to provide increased security around various areas of the school 24/7.

In addition the School's programme of maintenance and repair work continued over the course of the year.

Over the year the cost of these refurbishments and improvements amounted to £68,417.

The busy extra-curricular schedule is geared to providing all pupils with the opportunity to play competitive sport against other schools. All pupils available for selection represented a team in each of the sports included in their games timetable. The arts provided pupils with the opportunity to perform on the stage either in a poetry competition, lecture competition, as part of a choir, orchestra or in a musical or acting context. School productions proved hugely popular and money for various charities was raised throughout the production performances.

The school was once again well supported by The Friends of St. Mary's and the FP club. The Friends contributed greatly to the cost of hiring hockey pitches at the Tweedbank sports facility and hosted a number of successful fund raising ventures that were well attended and supported. Once again the FP club hosted a fabulous gathering at the cricket pavilion during Melrose 7s.

The school opened its doors to the general public on a number of occasions throughout the year. Two such occasions were for the very popular Farr-Out Challenge attended by teams from 10 local primary schools and 5 independent schools. The second being for the hugely successful Bang Goes the Borders Science Festival, now in its 4th year, during which the school had nearly 1,200 visitors.

Fixed assets

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

FINANCIAL REVIEW

Reserves policy

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 economic environment at the present time. This year the School was able to remove the overdraft facility.

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 the School. National GIRFEC development will continue to inform our procedures in ensuring that the health and wellbeing of all children is at the forefront of all that we do.

**Report of the Trustees
for the Year Ended 31 August 2015**

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 commonplace and enhance the valued links the School has with other independent schools.

St. Mary's continues to increase and strengthen its 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 and Earlston High School, whether it is for sports fixtures or coaching sessions with our staff, have allowed a developing rapport between pupils and staff from all schools, and the sound working relationship established between the head teachers continues.

Music Societies, Dance Clubs, Make Summer School, various 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 2015, continue to open the School to 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. 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 an independent prep school education for their children.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of St Mary's School, Melrose for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which 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 charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

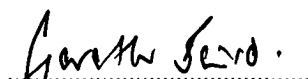
**Report of the Trustees
for the Year Ended 31 August 2015**

AUDITORS

The auditors, Douglas Home & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

Approved by order of the board of trustees on 18 December 2015 and signed on its behalf by:



G T G Baird - Trustee

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 year ended 31 August 2015 on pages nine to twenty one. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, and to the charitable company'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 charitable company's members and 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 charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page five, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed 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 those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Trustees and Members of
St Mary's School, Melrose**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

C. McEwen

Carron McEwen FCCA (Senior Statutory Auditor)

for and on behalf of 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

18 December 2015

**Statement of Financial Activities
for the Year Ended 31 August 2015**

	Notes	Unrestricted fund £	Restricted funds £	31/8/15 Total funds £	31/8/14 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	13,112	6,649	19,761	10,294
Investment income	3	376	-	376	264
Incoming resources from charitable activities					
School fees receivable	4	1,775,795	-	1,775,795	1,525,303
Other incoming resources		21,194	3,992	25,186	20,526
Total incoming resources		1,810,477	10,641	1,821,118	1,556,387
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	5	18,445	-	18,445	19,366
Charitable activities					
School operating costs	6	1,542,421	5,843	1,548,264	1,386,600
Governance costs	9	12,348	-	12,348	11,636
Other resources expended		-	-	-	307
Total resources expended		1,573,214	5,843	1,579,057	1,417,909
NET INCOMING RESOURCES BEFORE TRANSFERS					
		237,263	4,798	242,061	138,478
Gross transfers between funds	20	(5,637)	5,637	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		231,626	10,435	242,061	138,478
Other recognised gains/losses					
Gains/losses on investment assets		(228)	(154)	(382)	10,314
Net movement in funds		231,398	10,281	241,679	148,792
RECONCILIATION OF FUNDS					
Total funds brought forward		3,058,516	87,353	3,145,869	2,997,077
TOTAL FUNDS CARRIED FORWARD		3,289,914	97,634	3,387,548	3,145,869

The notes form part of these financial statements

Balance Sheet
At 31 August 2015

	Notes	31/8/15 £	31/8/14 £
FIXED ASSETS			
Tangible assets	13	3,173,501	3,191,862
Investments	14	95,954	91,335
		<u>3,269,455</u>	<u>3,283,197</u>
 CURRENT ASSETS			
Stocks		900	800
Debtors	15	49,541	12,105
Cash at bank and in hand		528,915	303,276
		<u>579,356</u>	<u>316,181</u>
 CREDITORS			
Amounts falling due within one year	16	(148,048)	(93,780)
		<u>431,308</u>	<u>222,401</u>
 NET CURRENT ASSETS			
		<u>431,308</u>	<u>222,401</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES			
		3,700,763	3,505,598
 CREDITORS			
Amounts falling due after more than one year	17	(313,215)	(359,729)
		<u>3,387,548</u>	<u>3,145,869</u>
 NET ASSETS			
		<u>3,387,548</u>	<u>3,145,869</u>
 FUNDS	20		
Unrestricted funds:			
General fund		3,289,914	3,058,516
Restricted funds:			
Bang Goes the Borders		1,138	-
Farr-Out Challenge Fund		-	113
Bursary Fund		92,085	87,240
Designated Donation		500	-
Trips		3,911	-
		<u>97,634</u>	<u>87,353</u>
 TOTAL FUNDS		<u>3,387,548</u>	<u>3,145,869</u>

The notes form part of these financial statements

Balance Sheet - continued
At 31 August 2015

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

The financial statements were approved by the Board of Trustees on 18 December 2015 and were signed on its behalf by:

Gavin Baird.

G T G Baird -Trustee

**Notes to the Financial Statements
for the Year Ended 31 August 2015**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Exemption from preparing a cash flow statement

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

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Fees and meal charges

Fees and meal charges are the total amount receivable by the charity in respect of school fees, outlays and meal charges and are inclusive of any VAT suffered on outlays. This is net of fee discounts and bursaries granted.

Resources expended

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.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Heritable land and buildings	- Cost less 50% residual value over 40yrs
Improvements to property	- 5% on cost
Plant & equipment	- 25% on cost
Fixtures & furniture	- 10% on cost and 10% on reducing balance
Motor vehicles	- 25% on cost

Included in Fixtures and Furniture 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.

Investments

Investments are included within the accounts 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.

Stocks

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

1. ACCOUNTING POLICIES - continued

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Expenditure for those purposes is charged to the fund to which it relates. Once the fund has been expensed on capital items a transfer is made to general fund.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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.

2. VOLUNTARY INCOME

	31/8/15	31/8/14
	£	£
Grants and donations	19,761	10,294
	<u>19,761</u>	<u>10,294</u>

3. INVESTMENT INCOME

	31/8/15	31/8/14
	£	£
Deposit account interest	155	51
Dividends	221	213
	<u>376</u>	<u>264</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

		31/8/15	31/8/14
	Activity	£	£
Class and Boarding Fees	School fees receivable	1,704,878	1,430,379
Kindergarten Fees	School fees receivable	68,017	91,424
Enrolment Registration Fees	School fees receivable	2,900	3,500
		<u>1,775,795</u>	<u>1,525,303</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - continued

School fees receivable

	2015	2014
	£	£
Gross Fees	2,280,437	1,954,242
Discounts	(163,900)	(150,181)
Bursaries	(343,642)	(282,257)
	<u>1,772,895</u>	<u>1,521,804</u>

5. COSTS OF GENERATING VOLUNTARY INCOME

	31/8/15	31/8/14
	£	£
Interest payable and similar charges	<u>18,445</u>	<u>19,366</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7)	Support costs (See note 8)	Totals
	£	£	£
School operating costs	<u>1,432,040</u>	<u>116,224</u>	<u>1,548,264</u>

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31/8/15	31/8/14
	£	£
Staff costs	1,042,036	907,939
Hire of plant and machinery	14,486	11,949
Rent, rates and insurance	43,394	41,482
Repairs to property	25,556	50,227
Light, heat & water	69,100	68,022
Catering	72,075	64,005
Books and class materials	16,654	13,454
Sundries	18,413	14,895
Upkeep grounds & sports equipment	8,059	4,531
Minibus expenses	16,038	13,482
Prizes	3,132	3,520
Laundry, cleaning & chemist	5,251	4,929
Provision for doubtful debts	6,331	(9,732)
Depreciation	91,515	91,705
	<u>1,432,040</u>	<u>1,280,408</u>

8. SUPPORT COSTS

	Management £
Governance costs	6,636
School operating costs	<u>116,224</u>
	<u>122,860</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

8. SUPPORT COSTS - continued

Support costs, included in the above, are as follows:

	Governance costs	School operating costs	31/8/15 Total activities £	31/8/14 Total activities £
Wages	6,636	31,539	38,175	36,355
Computer software and maintenance	-	17,903	17,903	22,156
Printing, stationery and telephone	-	36,034	36,034	36,405
Marketing	-	10,845	10,845	3,993
Professional fees	-	19,903	19,903	13,579
	<u>6,636</u>	<u>116,224</u>	<u>122,860</u>	<u>112,488</u>

9. GOVERNANCE COSTS

	31/8/15 £	31/8/14 £
Auditors' remuneration	3,162	2,892
Auditors' remuneration for non-audit work	2,550	2,448
Support costs	6,636	6,296
	<u>12,348</u>	<u>11,636</u>

10. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31/8/15 £	31/8/14 £
Auditors' remuneration	3,162	2,892
Depreciation - owned assets	79,892	80,082
Depreciation - assets on hire purchase contracts and finance leases	11,622	11,623
Hire of plant and machinery	14,486	11,949
Deficit on disposal of fixed asset	-	307
	<u></u>	<u></u>

11. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2015 nor for the year ended 31 August 2014.

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

Four Governors had children in attendance at the School during the year (2014 four Governors). No Governors received bursary assistance (2014 £3,462).

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2015 nor for the year ended 31 August 2014.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

12. STAFF COSTS

	31/8/15	31/8/14
	£	£
Wages and salaries	937,635	829,130
Social security costs	60,627	45,822
Other pension costs	81,949	69,342
	<u>1,080,211</u>	<u>944,294</u>

The average monthly number of employees during the year was as follows:

	31/8/15	31/8/14
Teaching staff	34	32
Admin/Grounds	4	4
Catering/Cleaning	8	8
Gap Year Students	4	2
	<u>50</u>	<u>46</u>

The number of employees whose emoluments fell within the following bands was:

	31/8/15	31/8/14
£60,001 - £70,000	<u>1</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

13. TANGIBLE FIXED ASSETS

	Heritable land and buildings £	Improvements to property £	Plant & equipment £
COST			
At 1 September 2014	3,061,847	206,075	168,377
Additions	-	53,634	13,419
At 31 August 2015	<u>3,061,847</u>	<u>259,709</u>	<u>181,796</u>
DEPRECIATION			
At 1 September 2014	152,443	117,200	139,845
Charge for year	29,678	12,979	13,585
At 31 August 2015	<u>182,121</u>	<u>130,179</u>	<u>153,430</u>
NET BOOK VALUE			
At 31 August 2015	<u>2,879,726</u>	<u>129,530</u>	<u>28,366</u>
At 31 August 2014	<u>2,909,404</u>	<u>88,875</u>	<u>28,532</u>
	Fixtures & furniture £	Motor vehicles £	Totals £
COST			
At 1 September 2014	365,231	52,447	3,853,977
Additions	6,100	-	73,153
At 31 August 2015	<u>371,331</u>	<u>52,447</u>	<u>3,927,130</u>
DEPRECIATION			
At 1 September 2014	226,403	26,224	662,115
Charge for year	22,160	13,112	91,514
At 31 August 2015	<u>248,563</u>	<u>39,336</u>	<u>753,629</u>
NET BOOK VALUE			
At 31 August 2015	<u>122,768</u>	<u>13,111</u>	<u>3,173,501</u>
At 31 August 2014	<u>138,828</u>	<u>26,223</u>	<u>3,191,862</u>

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

	Heritable Land and Buildings	
	2015 £	2014 £
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>

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

13. TANGIBLE FIXED ASSETS - continued

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.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 September 2014	46,489
DEPRECIATION	
At 1 September 2014	23,245
Charge for year	11,622
At 31 August 2015	34,867
NET BOOK VALUE	
At 31 August 2015	11,622
At 31 August 2014	23,244

14. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 September 2014	91,335
Additions	5,001
Revaluations	(382)
At 31 August 2015	95,954
NET BOOK VALUE	
At 31 August 2015	95,954
At 31 August 2014	91,335

There were no investment assets outside the UK.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/15 £	31/8/14 £
Trade debtors	46,585	9,718
Prepayments and accrued income	2,956	2,387
	49,541	12,105

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/15	31/8/14
	£	£
Bank loans and overdrafts	37,810	35,282
Hire purchase	7,725	7,725
Trade creditors	4,075	25,124
Social security and other taxes	138	91
Accruals and deferred income	98,300	25,558
	<u>148,048</u>	<u>93,780</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 currently has no overdraft facility in place.

The hire purchase liabilities are secured on the assets to which they relate.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/8/15	31/8/14
	£	£
Bank loans - 2-5 years	167,391	156,198
Bank loans more 5 yr by instal	137,094	187,076
Hire purchase	8,730	16,455
	<u>313,215</u>	<u>359,729</u>

Amounts falling due in more than five years:

Repayable by instalments:		
Bank loans more 5 yr by instal	<u>137,094</u>	<u>187,076</u>

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	31/8/15	31/8/14
	£	£
Expiring:		
Within one year	1,000	-
Between one and five years	12,002	10,361
	<u>13,002</u>	<u>10,361</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	31/8/15 Total funds £	31/8/14 Total funds £
Fixed assets	3,173,501	-	3,173,501	3,191,862
Investments	4,635	91,319	95,954	91,335
Current assets	571,040	8,316	579,356	316,181
Current liabilities	(146,047)	(2,001)	(148,048)	(93,780)
Long term liabilities	(313,215)	-	(313,215)	(359,729)
	<u>3,289,914</u>	<u>97,634</u>	<u>3,387,548</u>	<u>3,145,869</u>

20. MOVEMENT IN FUNDS

	At 1/9/14 £	Net movement in funds £	Transfers between funds £	At 31/8/15 £
Unrestricted funds				
General fund	3,058,516	237,035	(5,637)	3,289,914
Restricted funds				
Bang Goes the Borders	-	1,138	-	1,138
Farr-Out Challenge Fund	113	(750)	637	-
Bursary Fund	87,240	(155)	5,000	92,085
Designated Donation	-	500	-	500
Trips	-	3,911	-	3,911
	<u>87,353</u>	<u>4,644</u>	<u>5,637</u>	<u>97,634</u>
TOTAL FUNDS	<u>3,145,869</u>	<u>241,679</u>	<u>-</u>	<u>3,387,548</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,810,477	(1,573,214)	(228)	237,035
Restricted funds				
Bang Goes the Borders	5,000	(3,862)	-	1,138
Farr-Out Challenge Fund	-	(750)	-	(750)
Bursary Fund	(1)	-	(154)	(155)
Designated Donation	1,650	(1,150)	-	500
Trips	3,992	(81)	-	3,911
	<u>10,641</u>	<u>(5,843)</u>	<u>(154)</u>	<u>4,644</u>
TOTAL FUNDS	<u>1,821,118</u>	<u>(1,579,057)</u>	<u>(382)</u>	<u>241,679</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

20. MOVEMENT IN FUNDS - continued

Unrealised gains of £168,817 (2014 - £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 £91,319 and cash at bank £766.

The Farr out challenge fund was set up to sponsor inter schools competitions events. The balance on the fund at the year end is nil.

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 and is growing in strength every year. The balance on the fund at the year end comprises of £2,515 cash at bank, prepaid expenses of £623, and deferred income of £2,000.

The Trips fund has been set up in respect of an annual trip to France operated by the school. The fund has cash at bank of £3,911 at the year end.

21. PENSION COMMITMENTS

(a) The Charity participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012. The next valuation will be as at 31 March 2016 and this will set contribution rates from 1 April 2019.

(b) The Charity has no liability for other employers obligations to the multi-employer scheme.

(c) As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

(d) (i) The scheme is an unfunded multi-employer defined benefit scheme.

(d) (ii) It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the Charity is unable to identify its share of the underlying assets and liabilities of the scheme.

(d) (iii) The employer contribution rate from 1 April 2015 will be 14.9% of pensionable pay. This will increase to 17.2% from 1 September 2015. While the employee rate applied is a variable it will provide an actuarial yield of 9.6% of pensionable pay.

(d) (iv) At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employers pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employers contribution rate.

The total pension costs for teaching staff in the year was £74,526 (2014: £69,342 of which £5,095 relates to pension contributions that were underpaid in 2013/14).

**Detailed Statement of Financial Activities
for the Year Ended 31 August 2015**

	31/8/15 £	31/8/14 £
INCOMING RESOURCES		
Voluntary income		
Grants and donations	19,761	10,294
Investment income		
Deposit account interest	155	51
Dividends	221	213
	<hr/> 376	<hr/> 264
Incoming resources from charitable activities		
Class and Boarding Fees	1,704,878	1,430,379
Kindergarten Fees	68,017	91,424
Enrolment Registration Fees	2,900	3,500
	<hr/> 1,775,795	<hr/> 1,525,303
Other incoming resources		
Sundry Receipts	25,186	20,526
	<hr/> 25,186	<hr/> 20,526
Total incoming resources	<hr/> 1,821,118	<hr/> 1,556,387
RESOURCES EXPENDED		
Costs of generating voluntary income		
Bank interest and charges	2,585	3,080
Bank loan interest and charges	14,481	14,907
Hire purchase	1,379	1,379
	<hr/> 18,445	<hr/> 19,366
Charitable activities		
Wages	899,460	792,775
Social security	60,627	45,822
Pensions	81,949	69,342
Hire of plant and machinery	14,486	11,949
Rent, rates and insurance	43,394	41,482
Repairs to property	25,556	50,227
Light, heat & water	69,100	68,022
Catering	72,075	64,005
Books and class materials	16,654	13,454
Sundries	18,413	14,895
Upkeep grounds & sports equipment	8,059	4,531
Minibus expenses	16,038	13,482
Prizes	3,132	3,520
Laundry, cleaning & chemist	5,251	4,929
Provision for doubtful debts	6,331	(9,732)
Depreciation of tangible fixed assets	91,515	91,705
	<hr/> 1,432,040	<hr/> 1,280,408

**Detailed Statement of Financial Activities
for the Year Ended 31 August 2015**

	31/8/15 £	31/8/14 £
Governance costs		
Auditors' remuneration	3,162	2,892
Auditors' remuneration for non-audit work	2,550	2,448
	<hr/>	<hr/>
	5,712	5,340
 Other resources expended		
Loss on sale of tangible fixed assets	-	307
 Support costs		
Management		
Wages	38,175	36,355
Computer software and maintenance	17,903	22,156
Printing, stationery and telephone	36,034	36,405
Marketing	10,845	3,993
Professional fees	19,903	13,579
	<hr/>	<hr/>
	122,860	112,488
	<hr/>	<hr/>
Total resources expended	1,579,057	1,417,909
	<hr/>	<hr/>
 Net income	<hr/> 242,061	<hr/> 138,478