

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

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST AUGUST 2017  
FOR  
ST. MARY'S SCHOOL, MELROSE**

WEDNESDAY



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SCT

07/03/2018

#382

COMPANIES HOUSE

JRW  
Chartered Accountants &  
Statutory Auditor  
19 Buccleuch Street  
Hawick  
Roxburghshire  
TD9 0HL

**ST. MARY'S SCHOOL, MELROSE**

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FOR THE YEAR ENDED 31ST AUGUST 2017**

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**ST. MARY'S SCHOOL, MELROSE**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

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 ended 31st August 2017. 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.

**Objectives and aims**

In accordance with 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.

**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 the Headmaster, Director of Studies and class teacher from pre-prep reporting to an Education Committee of the Board of Governors.

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 and Scottish Borders Council GIRFEC guidelines 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.

**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.

Heads and other representatives from senior schools both north and south of the border visit St. Mary's throughout the school year to deliver an address in assembly, and meet with pupils, staff and parents afterwards.

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 fixture or coaching sessions with our staff, have allowed a developing rapport between pupils and staff from all these schools and the sound working relationship established between the head teachers continues.

Joint choirs have been organised between St. Mary's and Melrose Primary School to take part in fund raising events and local festival ceremonies.

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.

**ST. MARY'S SCHOOL, MELROSE**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

Public events such as the very successful Science initiative "Bang Goes The Borders", due to be held again in September 2017, 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 attend.

St. Mary's welcome over one thousand visitors to the campus for this popular event and costs are met by sponsorship of the event and the voluntary contributions of St. Mary's staff, making this educational and enjoyable day free of charge to every visitor.

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.

**ACHIEVEMENT AND PERFORMANCE**

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 1 pupil gaining both Academic and Music Scholarships to Sedbergh; 3 pupils gaining Sports Scholarships to Loretto and Merchiston Castle; 1 pupil gaining an Art Exhibition Award to Loretto; whilst our other 13 pupils passed Common Entrance and successfully gained places at their senior school of choice.

The year saw a number of refurbishment/improvement/capital projects carried out in various area of the School:-

Boarding House: a new sick bay was formed in the existing boarding facility and 2 en-suite shower/toilet facilities were added to the staff accommodation within the boarding house. This work was carried out following recommendations made by the Care Inspectorate during a routine visit.

Kindergarten: after 17 years operating out of New Buccleuch House, Kindergarten moved to the old Stable Block, which had previously housed Reception Class. The area underwent a complete transformation and now provides high quality accommodation, on one level, for the youngest pupils in the school. Since the new facilities opened in February 2017 pupil numbers in Kindergarten have risen and it is a vibrant, fun and safe environment providing our youngest pupils with the best possible start to their educational years. The Care Inspectorate were consulted throughout the process and were impressed with the new facility.

Reception Class: following the decision to relocate Kindergarten, a Portakabin was installed on site to accommodate our Reception Class. This facility served our young pupils well over the year and long-term plans for this class are now being discussed and reviewed.

New Boarding House: following the relocation of Kindergarten, work immediately started to convert New Buccleuch House back to its original purpose - a Boarding House. Work was completed in June 2017 and this area is now a vibrant girls boarding facility. Once again, the Care Inspectorate were involved throughout the refurbishment process.

IT: following investment in a new School Management System in June/July 2016, 3SYS was successfully rolled out across the School and is now fully functional. New laptops were purchased for the Maths and Latin classrooms and Microsoft Office Professional 2016 was installed on all computers throughout the School.

**ST. MARY'S SCHOOL, MELROSE**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**ACHIEVEMENT AND PERFORMANCE**

In addition the School's programme of maintenance and repair work continued over the course of the year and included the installation of two new gas boilers and new fire alarm system for the new Kindergarten and Girls Boarding House.

Over the year, the cost of these refurbishments, improvements and capital investments amounted to just under £320,000.

The busy extra-curricular schedule is geared to providing all pupils with the opportunity to play competitive sport, or to compete in academic, musical or teamwork and leadership competitions against other schools. In sport, 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 donated funds to support the purchase of new netball posts; salt spreader; keyboard and amplifier and BBQ. They also donated £72 to each Form Class for the purchase of resources and the sum of £2,000 to refurbish the common room in New Buccleuch Boarding House. Once again, the FP club hosted a fabulous gathering at the cricket pavilion during Melrose 7s and agreed a generous donation to the School of £2,000 towards the cost of relocating and refurbishing the boys' common room in the boarding house. The School hugely appreciates these donations.

The school opened its doors to the public on a number of occasions throughout the year. Two such occasions were firstly, the very popular Farr-Out Challenge attended by teams from 9 local primary schools and 5 independent schools and secondly, the hugely successful Bang Goes the Borders Science Festival, now in its 6th year, during which the school had nearly 1,200 visitors.

## ST. MARY'S SCHOOL, MELROSE

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017

#### FINANCIAL REVIEW

Net income of £97,795, shown after investment gains of £11,827, was achieved during the year, being £85,494 to the general fund, and £12,301 to the restricted fund. The Governors are delighted that once again we have been able to build on the progress made over the last 5 years. By continuing to be prudent and cautious the Governors have once again been able to recognise the enormous effort put in by the staff, both teaching and non-teaching, by awarding a pay increase for the 2017-18 academic year. The net income 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 in the pipeline. These include looking at options for Reception Class and the development and expansion of the Veranda Classrooms. 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 £1,892,178 after discounts of £204,779 and bursaries of £357,556 (2016 £1,868,537 after discounts of £180,365 and bursaries of £383,669).

The value of each class of discount was as follows:

	£
Bursaries Awarded 2017	357,556
Discounts Awarded 2017	
Staff	111,166
Sibling	77,381
Other	16,233
Total Discounts 2017	204,779

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

	No. of Pupils
Bursary only	39
Discount only	47
Bursary & discounts	6
Total pupils receiving assistance	92

#### 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.

#### Reserves policy

In recent years surpluses have 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.

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.

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### Governing document

The charity is controlled by its Memorandum and Articles of Association and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

## ST. MARY'S SCHOOL, MELROSE

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST AUGUST 2017

#### STRUCTURE, GOVERNANCE AND MANAGEMENT

##### **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 below. All Trustees served throughout the year except as stated.

Mr A. Fleck, Dr R. Mollart and Ms E. Smith retire by rotation at the AGM. Mr A. Fleck and Dr R. Mollart, 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. The Board of Trustees of St Mary's School, Melrose recognises that there will continue to be challenges for the school and its parent body. We are confident that the school is strongly placed to continue with development plans 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.

#### REFERENCE AND ADMINISTRATIVE DETAILS

##### **Registered Company number**

SC023577 (Scotland)

##### **Registered Charity number**

SC009352

##### **Registered office**

Abbey Park  
Melrose  
Roxburghshire  
TD6 9LN

**ST. MARY'S SCHOOL, MELROSE**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Trustees**

G T G Baird  
Mrs S N Edwardson  
A A P Fleck  
Mrs C D Grant  
Dr R A Mollart  
P Murray  
N J Pollock  
J Robertson  
Ms E J Smith  
D P Sturrock  
Mrs A A Wright

**Company Secretary**

Mrs F M Tait

**Senior Statutory Auditor**

Alister Biggar

**Auditors**

JRW  
Chartered Accountants &  
Statutory Auditor  
19 Buccleuch Street  
Hawick  
Roxburghshire  
TD9 0HL

**ST. MARY'S SCHOOL, MELROSE**

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**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:

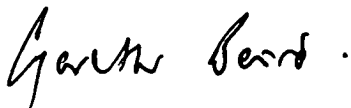
- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, JRW, 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 15th December 2017 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**

### **Opinion**

We have audited the financial statements of St. Mary's School, Melrose (the 'charitable company') for the year ended 31st August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, 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.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **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 Auditors 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees 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.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### **Other information**

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, 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 matters prescribed by the Companies Act 2006**

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

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Our 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 a Report of the Independent Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

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

*Alister Biggar*

Alister Biggar (Senior Statutory Auditor)

for and on behalf of JRW

Chartered Accountants &

Statutory Auditor

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

19 Buccleuch Street

Hawick

Roxburghshire

TD9 0HL

19th December 2017

**ST. MARY'S SCHOOL, MELROSE**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31ST AUGUST 2017**

	Notes	Unrestricted fund £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	6,915	10,001	16,916	16,905
<b>Charitable activities</b>	4				
School fees receivable		1,894,478	-	1,894,478	1,871,637
Investment income	3	176	-	176	237
Other income		16,231	23,749	39,980	30,377
<b>Total</b>		<u>1,917,800</u>	<u>33,750</u>	<u>1,951,550</u>	<u>1,919,156</u>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>	5				
School operating costs		1,832,580	33,002	1,865,582	1,707,524
<b>Total</b>		<u>1,832,580</u>	<u>33,002</u>	<u>1,865,582</u>	<u>1,707,524</u>
Net gains/(losses) on investments		<u>274</u>	<u>11,553</u>	<u>11,827</u>	<u>13,095</u>
<b>NET INCOME</b>		<u>85,494</u>	<u>12,301</u>	<u>97,795</u>	<u>224,727</u>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>3,495,720</u>	<u>116,555</u>	<u>3,612,275</u>	<u>3,387,548</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>3,581,214</u></u>	<u><u>128,856</u></u>	<u><u>3,710,070</u></u>	<u><u>3,612,275</u></u>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**ST. MARY'S SCHOOL, MELROSE (REGISTERED NUMBER: SC023577)**

**BALANCE SHEET  
AT 31ST AUGUST 2017**

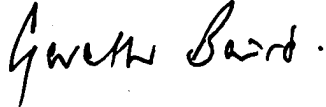
	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	11	3,363,459	3,161,382
Investments	12	125,876	114,049
		<u>3,489,335</u>	<u>3,275,431</u>
<b>CURRENT ASSETS</b>			
Stocks	13	900	900
Debtors	14	16,197	26,681
Cash at bank and in hand		522,719	851,949
		<u>539,816</u>	<u>879,530</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(93,626)	(275,625)
<b>NET CURRENT ASSETS</b>		<u>446,190</u>	<u>603,905</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,935,525</u>	<u>3,879,336</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(225,455)	(267,061)
<b>NET ASSETS</b>		<u><u>3,710,070</u></u>	<u><u>3,612,275</u></u>
<b>FUNDS</b>	21		
Unrestricted funds:			
General fund		3,581,214	3,495,720
Restricted funds:			
Bang goes the Borders		365	1,483
Farr-Out Challenge Fund		25	24
Bursary Fund		121,368	109,815
Designated Donation		2,961	1,788
Trips		4,137	3,445
		<u>128,856</u>	<u>116,555</u>
<b>TOTAL FUNDS</b>		<u><u>3,710,070</u></u>	<u><u>3,612,275</u></u>

The notes form part of these financial statements

**BALANCE SHEET - CONTINUED  
AT 31ST AUGUST 2017**

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.

The financial statements were approved by the Board of Trustees on 15th December 2017 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G T G Baird'.

G T G Baird -Trustee

**ST. MARY'S SCHOOL, MELROSE**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST AUGUST 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	50,940	486,710
Interest paid		(13,672)	(15,522)
Interest element of hire purchase and finance lease rental payments		(1,379)	(1,379)
<b>Net cash provided by (used in) operating activities</b>		<u>35,889</u>	<u>469,809</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(318,568)	(97,370)
Purchase of fixed asset investments		-	(5,000)
Interest received		176	237
<b>Net cash provided by (used in) investing activities</b>		<u>(318,392)</u>	<u>(102,133)</u>
<b>Cash flows from financing activities:</b>			
Loan repayments in year		(39,001)	(36,918)
Capital repayments in year		(7,726)	(7,724)
<b>Net cash provided by (used in) financing activities</b>		<u>(46,727)</u>	<u>(44,642)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(329,230)</u>	<u>323,034</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>851,949</u>	<u>528,915</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>522,719</u></u>	<u><u>851,949</u></u>

The notes form part of these financial statements

**ST. MARY'S SCHOOL, MELROSE**

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

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	97,795	224,727
<b>Adjustments for:</b>		
Depreciation charges	116,491	109,491
Interest received	(176)	(237)
Interest paid	13,672	15,522
Interest element of hire purchase and finance lease rental payments	1,379	1,379
Unrealised gain on investments	(11,827)	(13,095)
Decrease in debtors	10,484	22,860
(Decrease)/increase in creditors	(176,878)	126,063
<b>Net cash provided by (used in) operating activities</b>	<u>50,940</u>	<u>486,710</u>

## ST. MARY'S SCHOOL, MELROSE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. 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.

The charity adopted SORP (FRS 102) in the current year. No transitional adjustments were deemed necessary.

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

##### **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.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost 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 resources.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of 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	- in accordance with the property
Improvements to property	- 5% on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 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.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

## ST. MARY'S SCHOOL, MELROSE

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31ST AUGUST 2017

#### 1. ACCOUNTING POLICIES - continued

##### **Taxation**

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

##### **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 expenses 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.

##### **Financial assets**

Basic financial assets, including trade and other debtors and bank balances, are initially recognised at transaction price.

At the end of each reporting period financial assets measured at cost are assessed for evidence of impairment. Any impairment loss is recognised in the Statement of Financial Activities.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classed as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **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.

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**2. DONATIONS AND LEGACIES**

	2017	2016
	£	£
Grants and donations	<u>16,916</u>	<u>16,905</u>

**3. INVESTMENT INCOME**

	2017	2016
	£	£
Deposit account interest	-	8
Dividends	<u>176</u>	<u>229</u>
	<u>176</u>	<u>237</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Activity</b>	2017	2016
		£	£
Class and boarding fees	School fees receivable	1,788,389	1,793,688
Kindergarten fees	School fees receivable	103,789	74,849
Enrolment registration fees	School fees receivable	<u>2,300</u>	<u>3,100</u>
		<u>1,894,478</u>	<u>1,871,637</u>

**5. CHARITABLE ACTIVITIES COSTS**

	Direct costs	Support costs (See note 6)	Totals
	£	£	£
School operating costs	<u>1,711,556</u>	<u>154,026</u>	<u>1,865,582</u>

**6. SUPPORT COSTS**

	Management	Finance	Governance costs	Totals
	£	£	£	£
School operating costs	<u>134,175</u>	<u>15,051</u>	<u>4,800</u>	<u>154,026</u>

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**7. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Auditors' remuneration	2,800	2,842
Auditors' remuneration for non audit work	2,000	2,000
Depreciation - owned assets	116,491	97,867
Depreciation - assets on hire purchase contracts and finance leases	-	11,622
Hire of plant and machinery	17,182	14,313
	<u>17,182</u>	<u>14,313</u>

**8. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31st August 2017 nor for the year ended 31st August 2016.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31st August 2017 nor for the year ended 31st August 2016.

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**9. STAFF COSTS**

	2017	2016
	£	£
Wages and salaries	1,041,911	982,282
Social security costs	88,435	76,536
Other pension costs	123,075	110,242
	<u>1,253,421</u>	<u>1,169,060</u>

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

	2017	2016
Teaching staff	38	35
Admin/Grounds	5	5
Catering/Cleaning	7	8
Gap Year Students	2	3
	<u>52</u>	<u>51</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017	2016
£70,001 - £80,000	<u>1</u>	<u>1</u>

The key management personnel of the school comprise the trustees, headmaster, deputy head and school administrator. None of the trustees were remunerated for their duties as trustees during the year. The total employee benefits of the key management personnel of the school during the year were £172,403.

**10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	7,581	9,324	16,905
<b>Charitable activities</b>			
School fees receivable	1,871,637	-	1,871,637
Investment income	237	-	237
Other income	17,295	13,082	30,377
	<u>1,896,750</u>	<u>22,406</u>	<u>1,919,156</u>
<b>Total</b>	1,896,750	22,406	1,919,156

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted fund £	Restricted funds £	Total funds £
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
School operating costs	1,686,308	21,216	1,707,524
<b>Total</b>	1,686,308	21,216	1,707,524
<b>Net gains/(losses) on investments</b>	365	12,730	13,095
<b>NET INCOME</b>	210,807	13,920	224,727
<b>Transfers between funds</b>	(5,000)	5,000	-
<b>Net movement in funds</b>	205,807	18,920	224,727
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	3,289,914	97,634	3,387,548
<b>TOTAL FUNDS CARRIED FORWARD</b>	3,495,721	116,554	3,612,275

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**11. TANGIBLE FIXED ASSETS**

	Heritable land and buildings £	Improvements to property £	Plant and machinery £
<b>COST</b>			
At 1st September 2016	3,061,847	268,920	242,411
Additions	2,880	253,263	24,768
At 31st August 2017	3,064,727	522,183	267,179
<b>DEPRECIATION</b>			
At 1st September 2016	211,798	143,622	182,169
Charge for year	29,678	26,106	32,778
At 31st August 2017	241,476	169,728	214,947
<b>NET BOOK VALUE</b>			
At 31st August 2017	2,823,251	352,455	52,232
At 31st August 2016	2,850,049	125,298	60,242
	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>			
At 1st September 2016	398,875	52,447	4,024,500
Additions	37,657	-	318,568
At 31st August 2017	436,532	52,447	4,343,068
<b>DEPRECIATION</b>			
At 1st September 2016	273,082	52,447	863,118
Charge for year	27,929	-	116,491
At 31st August 2017	301,011	52,447	979,609
<b>NET BOOK VALUE</b>			
At 31st August 2017	135,521	-	3,363,459
At 31st August 2016	125,793	-	3,161,382

The heritable and buildings were last valued on 31st July 1991 by Lorne Brown Associates, Chartered Surveyors, on an open market basis.

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**12. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>MARKET VALUE</b>	
At 1st September 2016	114,049
Revaluations	11,827
	<hr/>
At 31st August 2017	125,876
	<hr/>
 <b>NET BOOK VALUE</b>	
At 31st August 2017	125,876
	<hr/>
At 31st August 2016	114,049
	<hr/>

There were no investment assets outside the UK.

**13. STOCKS**

	2017 £	2016 £
Stocks	900	900
	<hr/>	<hr/>

**14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	10,875	20,791
Prepayments and accrued income	5,322	5,890
	<hr/>	<hr/>
	16,197	26,681
	<hr/>	<hr/>

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Bank loans and overdrafts (see note 17)	40,923	39,323
Hire purchase (see note 18)	1,005	7,726
Trade creditors	27,563	22,135
Other creditors and accruals	4,800	8,145
Deferred income	19,335	198,296
	<u>93,626</u>	<u>275,625</u>

Deferred income is mainly fees relating to and received in advance of the 2017/18 school terms commencing.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016
	£	£
Bank loans (see note 17)	225,455	266,056
Hire purchase (see note 18)	-	1,005
	<u>225,455</u>	<u>267,061</u>

**17. LOANS**

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>40,923</u>	<u>39,323</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>181,171</u>	<u>174,091</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	<u>44,284</u>	<u>91,965</u>

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**18. LEASING AGREEMENTS**

	Hire purchase contracts	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	1,005	7,726
Between one and five years	-	1,005
	<u>1,005</u>	<u>8,731</u>

**19. SECURED DEBTS**

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank loans	<u>266,378</u>	<u>305,379</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 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.

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted fund	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Fixed assets	3,360,998	2,461	3,363,459	3,161,382
Investments	5,275	120,601	125,876	114,049
Current assets	532,022	7,794	539,816	879,530
Current liabilities	(91,626)	(2,000)	(93,626)	(275,625)
Long term liabilities	(225,455)	-	(225,455)	(267,061)
	<u>3,581,214</u>	<u>128,856</u>	<u>3,710,070</u>	<u>3,612,275</u>

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**21. MOVEMENT IN FUNDS**

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
<b>Unrestricted funds</b>			
General fund	3,495,720	85,494	3,581,214
<b>Restricted funds</b>			
Bang goes the Borders	1,483	(1,118)	365
Farr-Out Challenge Fund	24	1	25
Bursary Fund	109,815	11,553	121,368
Designated Donation	1,788	1,173	2,961
Trips	3,445	692	4,137
	<u>116,555</u>	<u>12,301</u>	<u>128,856</u>
<b>TOTAL FUNDS</b>	<u><u>3,612,275</u></u>	<u><u>97,795</u></u>	<u><u>3,710,070</u></u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	1,917,800	(1,832,580)	274	85,494
<b>Restricted funds</b>				
Bang goes the Borders	5,000	(6,118)	-	(1,118)
Farr-Out Challenge Fund	1,773	(1,772)	-	1
Designated Donation	3,227	(2,054)	-	1,173
Trips	23,750	(23,058)	-	692
Bursary Fund	-	-	11,553	11,553
	<u>33,750</u>	<u>(33,002)</u>	<u>11,553</u>	<u>12,301</u>
<b>TOTAL FUNDS</b>	<u><u>1,951,550</u></u>	<u><u>(1,865,582)</u></u>	<u><u>11,827</u></u>	<u><u>97,795</u></u>

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**21. MOVEMENT IN FUNDS - continued**

<b>Comparative Year</b>	<b>At 1.09.15 £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Gains &amp; Losses £</b>	<b>Transfer of funds £</b>	<b>At 31.08.16 £</b>
<b>Unrestricted Funds</b>						
General fund	3,289,914	1,796,750	(1,686,309)	365	(5,000)	3,495,720
<b>Restricted funds</b>						
Bang goes the Borders	1,138	5,000	(4,655)	-	-	1,483
Farr-Out Challenge Fund	-	1,000	(976)	-	-	24
Bursary Fund	92,085	-	-	12,730	5,000	109,815
Designated Donation	500	3,324	(2,036)	-	-	1,788
Trips	3,911	13,082	(13,548)	-	-	3,445
	<u>97,634</u>	<u>22,406</u>	<u>(21,215)</u>	<u>12,730</u>	<u>5,000</u>	<u>116,555</u>
<b>TOTAL FUNDS</b>	<u>3,387,548</u>	<u>1,919,156</u>	<u>(1,707,524)</u>	<u>13,095</u>	<u>-</u>	<u>3,612,275</u>

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 £120,601 and cash at bank £767.

The Farr out challenge fund was set up to sponsor inter schools competitions events. The balance on the fund at the year end is £25.

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 every year. The balance on the funds at the year end comprises of £2,365 cash at bank 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 £4,137 at the year end.

**22. 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 31st March 2012. The next valuation will be as at 31st March 2016 and this will set contribution rates from 1st April 2019.

**ST. MARY'S SCHOOL, MELROSE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**22. PENSION COMMITMENTS**  
**- continued**

(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 benefit 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 1st April 2015 will be 14.9% of pensionable pay. This increased to 17.2% from 1st September 2015. Whilst 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 £1.3billion 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 1st April 2015. This contribution is included in the 17.2% employers contribution rate.

The total pension contributions for teaching staff in the year was £109,001 (2016, £96,877).

**23. OTHER FINANCIAL COMMITMENTS**

The school has future operating lease commitments of £26,580 per annum. Until any breaks in the leases these total £57,678.

**24. RELATED PARTY DISCLOSURES**

Three governors had children in attendance at the School during the year (2016, four governors). No governors received bursary assistance.