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

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2018 FOR ST. MARY'S SCHOOL, MELROSE

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 2018

ST. MARY'S SCHOOL, MELROSE

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2018

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 2018. 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 core values of caring, curiosity, creativity, confidence, connectivity and curriculum, shape the very essence of what the school is about. These values are central to St. Mary's education and are lived out daily in the busy routines of pupils and staff. The review of schemes of work and assessment throughout the lower, middle and upper parts of the school are on-going with the Headmaster, Director of Studies and Class Teachers from pre-prep through to Form 8 reporting to the 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 the School continues to build on its friendship with 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.

The use of the Morrison Hall for extended catering events organised by Melrose RFC is commonplace throughout the rugby season.

Public events such as the very successful Science initiative "Bang Goes The Borders", due to be held again in September 2018, continue to open the School to many who would not ordinarily visit the campus. Many children, from across the Scottish Borders, 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. Sponsorship of the event and the voluntary contribution of St. Mary's staff, make 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. Of our 22 strong Form 8 leavers, 1 pupil gained an Academic Scholarship to Fettes; 3 pupils gained Sports Scholarships to Loretto and Merchiston Castle; 1 pupil gained an Outstanding Talent Award to Glenalmond; 1 pupil gained a General Scholarship to Oundle and 1 pupil gained Headmaster's Award for Sport to Sedbergh. Our other 15 Form 8 pupils passed Common Entrance and successfully gained places at their senior school of choice.

A number of refurbishment/improvement/capital projects took place during the year:-

Boys Boarding House: following on from the work carried out in the Boys House last year, ensuite bath/shower/toilet facilities were added to an existing dormitory and a new dormitory with ensuite facilities was added. The location of these additional rooms provides accommodation that can be used by girls or boys and has been well received by the Care Inspectorate. New fire doors were also fitted throughout the Boys House.

Girls Changing Rooms: refurbished and redecorated to provide a more spacious area for our female pupils.

IT: two new computers purchased for the ICT suite ensuring that when larger classes use this facility all pupils have access to a computer. New laptops purchased for a number of classrooms throughout the School and a new interactive panel installed in the Modern Languages Classroom.

Transport: the School invested in two new minibuses. These new, lighter weight, buses can be driven by younger members of staff - a huge benefit to the School during busy match days.

In addition, the School's programme of maintenance and repair work continued over the course of the year. Work included repairs to the external side of south boundary wall of campus; tree maintenance throughout the grounds; new pipework in the School Attic; relaying and expansion of pathway at tennis courts and the installation of new lighting in the Pre-Prep Gym Hall and Boys Changing Rooms.

Over the year, the cost of these refurbishments, improvements and capital investments amounted to just over £110,000.

ACHIEVEMENT AND PERFORMANCE

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 the new minibuses and various pieces of equipment to assist with the upkeep of the School Campus. They also donated £100 to each Form Class for the purchase of additional class resources. Once again, the FP club hosted a fabulous gathering at the cricket pavilion during Melrose 7s. As well as funding Christmas trees and decorations for the Girls Boarding House the Committee agreed a generous donation towards the cost of new rugby posts and post protectors for the front field. The School hugely appreciates these donations.

The school welcomes the close relationship it has with parents and families and continues to provide an open door approach with the Headmaster and staff to provide the best possible environment and outcome for each and every child. Parents, extended family and friends, are invited to a huge variety of performances, events and open days throughout the year with the highlight being the Next of Kin day each June. We will continue to strive to be as inclusive and open as possible to build strong relationships and understanding to reach our aim of providing an outstanding education for our pupils.

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 10 local primary schools and 3 independent schools who competed alongside 2 teams from St Mary's and secondly, the hugely successful Bang Goes the Borders Science Festival, now in its 7th year, during which the school had nearly 1,200 visitors.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2018

FINANCIAL REVIEW

Net income of £308,585, shown after investment gains of £4,924, was achieved during the year, being £293,342 to the general fund, and £15,243 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.

Class and boarding fees amounted to £2,101,426 after discounts of £194,477 and bursaries of £335,910 (2017 £1,892,178 after discounts of £204,779 and bursaries of £357,556).

The value of each class of discount was as follows:

	£
Bursaries Awarded 2018	335,910
Discounts Awarded 2018	
Staff	97,328
Sibling	81,426
Other	15,723
Total Discounts 2018	194,477

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

	No. of Pupils
Bursary only	40
Discount only	43
Bursary & discounts	9
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 time.

Development of the fabric of the school will continue to be a work in progress and various elements of refurbishment are constantly under review.

FUTURE PLANS

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 2018-19 academic year. In addition, the School has made contingency for any statutory obligations that may arise over the course of the next 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 being actively considered. These include a building providing new classroom space, indoor and outdoor sports facilities, improved changing room, dining room and kitchen facilities. This continued investment in the School will require the Board to carefully manage the School finances in the year ahead.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2018

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.

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 G. Baird, Mrs S. Edwardson and Mr N. Pollock retire by rotation at the AGM. Mr G. Baird, being eligible, offers himself 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 based on the benefit that their experience and expertise 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 draw from its Parent Body for Parent Governors, with appropriate skills, 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 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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2018

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	- resigned 21.2.18
N J Pollock	
J Robertson	
Ms E J Smith	- resigned 21.2.18
D P Sturrock	
Mrs A A Wright	- resigned 31.8.18
Mrs C E de Bolle	- appointed 18.5.18
J D Casson	- appointed 18.5.18
S K Taylor	- appointed 18.5.18

Company Secretary
Mrs F M Tait

Senior Statutory Auditor
Alister Biggar

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST AUGUST 2018

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 14th December 2018 and signed on its behalf by:

Gareth Baird

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 2018 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).

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 2018 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other 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

Opinion on other matters prescribed by the Companies Act 2006

- 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. This description forms part of our Report of the Independent Auditors.

Use of our report

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.

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

17th December 2018

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST AUGUST 2018

	Notes	Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	7,930	13,571	21,501	16,916
Charitable activities	4				
School fees receivable		2,104,026	-	2,104,026	1,894,478
Investment income	3	249	-	249	176
Other income		33,145	-	33,145	39,980
Total		2,145,350	13,571	2,158,921	1,951,550
EXPENDITURE ON					
Charitable activities	5				
School operating costs		1,841,965	13,295	1,855,260	1,865,582
Total		1,841,965	13,295	1,855,260	1,865,582
Net gains/(losses) on investments		(43)	4,967	4,924	11,827
NET INCOME		303,342	5,243	308,585	97,795
Transfers between funds	21	(10,000)	10,000	-	-
Net movement in funds		293,342	15,243	308,585	97,795
RECONCILIATION OF FUNDS					
Total funds brought forward		3,581,214	128,856	3,710,070	3,612,275
TOTAL FUNDS CARRIED FORWARD		3,874,556	144,099	4,018,655	3,710,070

The notes form part of these financial statements

BALANCE SHEET
AT 31ST AUGUST 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	11	3,326,845	3,363,459
Investments	12	140,800	125,876
		3,467,645	3,489,335
CURRENT ASSETS			
Stocks	13	900	900
Debtors	14	16,053	16,197
Cash at bank and in hand		799,272	522,719
		816,225	539,816
CREDITORS			
Amounts falling due within one year	15	(82,055)	(93,626)
NET CURRENT ASSETS		734,170	446,190
TOTAL ASSETS LESS CURRENT LIABILITIES		4,201,815	3,935,525
CREDITORS			
Amounts falling due after more than one year	16	(183,160)	(225,455)
NET ASSETS		4,018,655	3,710,070
FUNDS	21		
Unrestricted funds:			
General fund		3,874,556	3,581,214
Restricted funds:			
Bang goes the Borders		728	365
Farr-Out Challenge Fund		25	25
Bursary Fund		136,335	121,368
Designated Donation		2,874	2,961
Trips		4,137	4,137
		144,099	128,856
TOTAL FUNDS		4,018,655	3,710,070

The notes form part of these financial statements

continued...

BALANCE SHEET - CONTINUED
AT 31ST AUGUST 2018

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 14th December 2018 and were signed on its behalf by:

Gareth Baird.

G T G Baird -Trustee

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	411,343	50,940
Interest paid		(11,819)	(13,672)
Interest element of hire purchase and finance lease rental payments		(299)	(1,379)
Net cash provided by (used in) operating activities		399,225	35,889
Cash flows from investing activities:			
Purchase of tangible fixed assets		(71,286)	(318,568)
Purchase of fixed asset investments		(10,000)	-
Interest received		249	176
Net cash provided by (used in) investing activities		(81,037)	(318,392)
Cash flows from financing activities:			
Loan repayments in year		(40,630)	(39,001)
Capital repayments in year		(1,005)	(7,726)
Net cash provided by (used in) financing activities		(41,635)	(46,727)
Change in cash and cash equivalents in the reporting period		276,553	(329,230)
Cash and cash equivalents at the beginning of the reporting period		522,719	851,949
Cash and cash equivalents at the end of the reporting period		799,272	522,719

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST AUGUST 2018

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

	2018	2017
	£	£
Net income for the reporting period (as per the statement of financial activities)	308,585	97,795
Adjustments for:		
Depreciation charges	107,899	116,491
Interest received	(249)	(176)
Interest paid	11,819	13,672
Interest element of hire purchase and finance lease rental payments	299	1,379
Unrealised gain on investments	(4,923)	(11,827)
Decrease in debtors	144	10,484
Decrease in creditors	(12,231)	(176,878)
Net cash provided by (used in) operating activities	411,343	50,940

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 2018

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.

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.

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

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 of 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.

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.

2. DONATIONS AND LEGACIES

	2018	2017
	£	£
Grants and donations	21,501	16,916

3. INVESTMENT INCOME

	2018	2017
	£	£
Dividends	249	176

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018 £	2017 £
Class and boarding fees	School fees receivable	1,968,883	1,788,389
Kindergarten fees	School fees receivable	132,543	103,789
Enrolment registration fees	School fees receivable	2,600	2,300
		2,104,026	1,894,478

5. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 6)	Totals
	£	£	£
School operating costs	1,717,500	137,760	1,855,260

6. SUPPORT COSTS

	Management	Finance	Governance costs	Totals
	£	£	£	£
School operating costs	120,362	12,118	5,280	137,760

7. NET INCOME/(EXPENDITURE)

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

	2018	2017
	£	£
Auditors' remuneration	2,800	2,800
Auditors' remuneration for non audit work	2,480	2,000
Depreciation - owned assets	107,900	116,491
Hire of plant and machinery	31,359	17,182

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st August 2018 nor for the year ended 31st August 2017.

Trustees' expenses
There were no trustees' expenses paid for the year ended 31st August 2018 nor for the year ended 31st August 2017.

9. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	1,054,368	1,041,911
Social security costs	87,940	88,435
Other pension costs	119,234	123,075
	1,261,542	1,253,421

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

	2018	2017
Teaching staff	39	38
Admin/Grounds	5	5
Catering/Cleaning	8	7
Gap Year Students	2	2
	54	52

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

	2018	2017
£70,001 - £80,000	1	1

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 £178,768.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund	Restricted funds	Total funds
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	6,915	10,001	16,916
Charitable activities			
School fees receivable	1,894,478	-	1,894,478
Investment income	176	-	176

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund	Restricted funds	Total funds
	£	£	£
Other income	16,231	23,749	39,980
Total	1,917,800	33,750	1,951,550
EXPENDITURE ON			
Charitable activities			
School operating costs	1,832,580	33,002	1,865,582
Total	1,832,580	33,002	1,865,582
Net gains/(losses) on investments	274	11,553	11,827
NET INCOME	85,494	12,301	97,795
RECONCILIATION OF FUNDS			
Total funds brought forward	3,495,720	116,555	3,612,275
TOTAL FUNDS CARRIED FORWARD	3,581,214	128,856	3,710,070

11. TANGIBLE FIXED ASSETS

	Heritable land and buildings £	Improvements to property £	Plant and machinery £
COST			
At 1st September 2017	3,064,727	522,183	267,179
Additions	-	43,637	21,939
At 31st August 2018	3,064,727	565,820	289,118
DEPRECIATION			
At 1st September 2017	241,476	169,728	214,947
Charge for year	29,714	28,292	30,185
At 31st August 2018	271,190	198,020	245,132
NET BOOK VALUE			
At 31st August 2018	2,793,537	367,800	43,986
At 31st August 2017	2,823,251	352,455	52,232

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1st September 2017	436,532	52,447	4,343,068
Additions	5,710	-	71,286
At 31st August 2018	442,242	52,447	4,414,354
DEPRECIATION			
At 1st September 2017	301,011	52,447	979,609
Charge for year	19,709	-	107,900
At 31st August 2018	320,720	52,447	1,087,509
NET BOOK VALUE			
At 31st August 2018	121,522	-	3,326,845
At 31st August 2017	135,521	-	3,363,459

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

12. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1st September 2017	125,876
Additions	10,000
Revaluations	4,924
At 31st August 2018	140,800
NET BOOK VALUE	
At 31st August 2018	140,800
At 31st August 2017	125,876

There were no investment assets outside the UK.

13. STOCKS

	2018 £	2017 £
Stocks	900	900

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	11,089	10,875
Prepayments and accrued income	4,964	5,322
	16,053	16,197

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 17)	42,588	40,923
Hire purchase (see note 18)	-	1,005
Trade creditors	25,671	27,563
Other creditors and accruals	4,805	4,800
Deferred income	8,991	19,335
	82,055	93,626

Deferred income is mainly fees relating to and received in advance of the 2018/19 school terms commencing.

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

	2018	2017
	£	£
Bank loans (see note 17)	183,160	225,455

17. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year on demand:		
Bank loans	42,588	40,923
Amounts falling due between two and five years:		
Bank loans - 2-5 years	183,160	181,171
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	-	44,284

18. LEASING AGREEMENTS

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	-	1,005

19. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank loans	225,748	266,378

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.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted funds	2018 Total funds	2017 Total funds
	£	£	£	£
Fixed assets	3,324,471	2,374	3,326,845	3,363,459
Investments	5,232	135,568	140,800	125,876
Current assets	807,113	9,112	816,225	539,816
Current liabilities	(79,100)	(2,955)	(82,055)	(93,626)
Long term liabilities	(183,160)	-	(183,160)	(225,455)
	3,874,556	144,099	4,018,655	3,710,070

21. MOVEMENT IN FUNDS

	At 1.9.17	Net movement in funds	Transfers between funds	At 31.8.18
	£	£	£	£
Unrestricted funds				
General fund	3,581,214	303,342	(10,000)	3,874,556
Restricted funds				
Bang goes the Borders	365	363	-	728
Farr-Out Challenge Fund	25	-	-	25
Bursary Fund	121,368	4,967	10,000	136,335
Designated Donation	2,961	(87)	-	2,874
Trips	4,137	-	-	4,137
	128,856	5,243	10,000	144,099
TOTAL FUNDS	3,710,070	308,585	-	4,018,655

21. MOVEMENT IN FUNDS - continued

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	2,145,350	(1,841,965)	(43)	303,342
Restricted funds				
Bang goes the Borders	5,000	(4,637)	-	363
Farr-Out Challenge Fund	1,758	(1,758)	-	-
Designated Donation	6,813	(6,900)	-	(87)
Bursary Fund	-	-	4,967	4,967
	13,571	(13,295)	4,967	5,243
TOTAL FUNDS	2,158,921	(1,855,260)	4,924	308,585

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
Unrestricted Funds			
General fund	3,495,720	85,494	3,581,214
Restricted Funds			
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
	116,555	12,301	128,856
TOTAL FUNDS	3,612,275	97,795	3,710,070

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST AUGUST 2018

21. MOVEMENT IN FUNDS - continued

Comparative 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	1,917,800	(1,832,580)	274	85,494
Restricted funds				
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
	33,750	(33,002)	11,553	12,301
TOTAL FUNDS	1,951,550	(1,865,582)	11,827	97,795

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.18 £
Unrestricted funds				
General fund	3,495,720	388,836	(10,000)	3,874,556
Restricted funds				
Bang goes the Borders	1,483	(755)	-	728
Farr-Out Challenge Fund	24	1	-	25
Bursary Fund	109,815	16,520	10,000	136,335
Designated Donation	1,788	1,086	-	2,874
Trips	3,445	692	-	4,137
	116,555	17,544	10,000	144,099
TOTAL FUNDS	3,612,275	406,380	-	4,018,655

21. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined 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	4,063,150	(3,674,545)	231	388,836
Restricted funds				
Bang goes the Borders	10,000	(10,755)	-	(755)
Farr-Out Challenge Fund	3,531	(3,530)	-	1
Designated Donation	10,040	(8,954)	-	1,086
Trips	23,750	(23,058)	-	692
Bursary Fund	-	-	16,520	16,520
	47,321	(46,297)	16,520	17,544
TOTAL FUNDS	4,110,471	(3,720,842)	16,751	406,380

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 £135,568 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 £3,683 cash at bank and deferred income of £2,955.

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.

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 £106,235 (2017, £109,001).

23. OTHER FINANCIAL COMMITMENTS

The school has future operating lease commitments of £45,845 per annum. Until any breaks in the leases these total £113,212.

24. RELATED PARTY DISCLOSURES

Three governors had children in attendance at the School during the year (2017, three governors). No governors received bursary assistance.