

**MERCHISTON ENTERPRISES
LIMITED
(COMPANY LIMITED BY GUARANTEE)**

REPORT AND ACCOUNTS
for the year ended 31 August 1997

Registration Number : SC 81893

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MERCHISTON ENTERPRISES LIMITED

DIRECTORS' REPORT

for the year ended 31 August 1997

The directors present their report on the affairs of the company together with the accounts and auditors' report.

Activities

The principal activity of the company is to promote the interests and welfare of Merchiston Castle School.

Results

The results are set out on pages 5 to 8.

Directors

The directors who served throughout the year were as follows:

N O Kilpatrick BSc	D G Smith BCom CA
J H F Macpherson CBE CA	W M Wilson CA

Membership

The company is limited by guarantee and therefore has no share capital. The members of the company are obliged to guarantee payment of £1 in the event of the company going into liquidation.

A list of members is available from the registered office at the address shown above.

Small Companies Exemption

This report has been prepared taking advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Statement of Directors' Responsibilities

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors have overall responsibility for the preparation of the accounts and are required to:

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

The directors have the responsibility to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and a responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board



D G Smith
Secretary

Merchiston Castle School
Edinburgh

20 February 1998

REPORT OF THE AUDITORS TO THE MEMBERS' OF MERCHISTON ENTERPRISES LIMITED

We have audited the accounts on pages 3 to 6 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 August 1997 and of its profit for the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985 which are applicable to small companies.

Geoghegan & Co
Chartered Accountants and
Registered Auditors



20 February 1998

6 St Colme Street
Edinburgh
EH3 6AD

PROFIT AND LOSS ACCOUNT
for the year ended 31 August 1997

	Notes	1997	1996
Turnover - continuing operations	2	141,140	130,603
Cost of sales		<u>129,046</u>	<u>119,463</u>
Gross Profit		12,094	11,140
Administration expenses		<u>12,428</u>	<u>10,969</u>
(Loss)/Profit on Ordinary Activities before Taxation	3	(334)	171
Taxation		<u>-</u>	<u>-</u>
(Loss)/Profit for Financial Year		(334)	171
Retained losses brought forward		<u>(309)</u>	<u>(480)</u>
Retained Loss Carried Forward		<u>£ (643)</u>	<u>£ (309)</u>

No separate statement of recognised gains and losses has been prepared as the company had no recognised gains or losses other than those shown above.

MERCHISTON ENTERPRISES LIMITED**BALANCE SHEET**
as at 31 August 1997

	Notes	1997	1996
Fixed Assets			
Tangible assets	4	<u>4,270</u>	<u>3,700</u>
Current Assets			
Loan to Merchiston Castle School	5	241,599	293,977
Debtors	6	20,734	28,647
Cash at bank		<u>-</u>	<u>-</u>
		262,333	322,624
Creditors: amounts falling due within one year	7	<u>267,246</u>	<u>326,633</u>
Net current (liabilities)		<u>(4,913)</u>	<u>(4,009)</u>
Net (Liabilities)		<u>£ (643)</u>	<u>£ (309)</u>
Capital and Reserves			
Profit and loss account		<u>£ (643)</u>	<u>£ (309)</u>

Advantage is taken in the preparation of these accounts of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985. In the directors' opinion the company is entitled to these exemptions as a small company.

These accounts were approved by the directors on 20 February 1998 and are signed on their behalf by:


N O Kilpatrick
Director

20 February 1998

NOTES TO THE ACCOUNTS

year ended 31 August 1997

1 Accounting Policies

Accounting Convention

The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash Flow Statement

The company is a small company as defined in Section 247 of the Companies Act 1985. As such, it has taken advantage of the exemption from preparing a cash flow statement which is available under Financial Reporting Standard No 1.

Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off balance of cost over their remaining estimated useful lives as follows:

Fixtures and fittings 25% per annum straight line

2 Turnover

Turnover represents the total of amounts invoiced excluding value added tax.

3 Profit on Ordinary Activities before Taxation

1997 1996

This is stated after charging:

Auditors' remuneration	450	450
Directors' remuneration	-	-
Depreciation	<u>1,790</u>	<u>1,274</u>

4 Tangible Fixed Assets

Fixtures &
Fittings

Cost

As at 31 August 1996	8,350
Additions	<u>2,360</u>

As at 31 August 1997	<u>10,710</u>
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Aggregate Depreciation

As at 31 August 1996	4,650
Charge for year	<u>1,790</u>

As at 31 August 1997	<u>6,440</u>
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Net Book Value

As at 31 August 1997	<u>£ 4,270</u>
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As at 31 August 1996	<u>£ 3,700</u>
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MERCHISTON ENTERPRISES LIMITED

NOTES TO THE ACCOUNTS (Continued) year ended 31 August 1997

5 Loan to Merchiston Castle School

Merchiston Castle School paid a deposit to the company for the future supply of electricity and gas (note 7). The deposit was subsequently repaid by way of a loan to the school. No interest is payable on the loan, which will be extinguished when gas and electricity to that value have been supplied.

	1997	1996
Loan to Merchiston Castle School	<u>£241,599</u>	<u>£293,977</u>

6 Debtors

Prepayments	1,402	-
Trade debtors	<u>19,332</u>	<u>28,647</u>
	<u>£ 20,734</u>	<u>£ 28,647</u>

7 Creditors: amounts falling due within one year

Income received in advance (note 5)	241,599	293,977
Bank overdraft	3,532	12,004
Trade creditors	5,008	9,380
Other taxes and social security costs	1,607	2,285
Merchiston Castle School	15,500	7,500
Accruals	<u>-</u>	<u>1,487</u>
	<u>£267,246</u>	<u>£326,633</u>