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Craigholme School
recognised by the Inland Revenue as a Charity
(Limited by Guarantee and not having a share capital)

Registered charity number: SCO 14860

Directors' report and consolidated financial statements
30 June 2004



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COMPANIES HOUSE 24/12/04

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Notice of meeting

Notice is hereby given that the Annual General Meeting of the Members of Craigholme School will be held on Tuesday 7th December 2004 at 9.15am at Ross Priory, Gartocharn to transact the following business:

1. To receive and consider the consolidated accounts for the year ended 30 June 2004 and the reports of the directors and auditors thereon.
2. To re-elect directors.
3. To re-appoint the auditors.
4. To transact any other ordinary business of the company.

A member of the company entitled to attend and vote is entitled to appoint a proxy who need not be a member of the company to attend and vote instead of him.

By order of the board

1. 

I Dalglish
Secretary

72 St Andrew's Drive
Glasgow

28 October 2004

Directors' report

Craigholme School

Craigholme School was founded in 1894. The school is a registered charity and is a company limited by guarantee which does not have any share capital. The school provides independent education for girls between three and a half and eighteen years of age, and also takes boys in the nursery.

Craigholme School's aim is to offer a balanced education of the highest quality, to realise each pupil's full potential.

It is the policy of the school to:

- provide a full range of education courses and to maximise the academic achievement of all pupils;
- develop confident, independent and articulate pupils with a sense of social and moral responsibility and respect for others;
- complement the academic goals with the provision of wide-ranging sporting, cultural and social activities;
- foster good relationships between teachers, pupils, parents and the wider community in achieving these goals.

During the year 543 pupils attended the school.

Review

The start of the year saw the opening of the new Advanced Science, and two refurbished, laboratories together with two new music rooms, all of which have already made a significant contribution to the school's teaching facilities. A major part of the expenditure was met by donations to The Craigholme Foundation and the directors wish to record their gratitude to all the donors for their support.

The close of the session marked the retiral of Mrs Gillian Burt, headmistress of Craigholme School over 13 very successful years, during which time the school has significantly advanced its stature in Scottish independent education. The Board, staff, parents and pupils, both past and present, owe her an immense debt of gratitude and wish her a long and happy retirement.

The accounts reflect another successful year for the School and Foundation – the school is substantially full and has continued to enjoy considerable success academically, in the arts and the sporting arena. The Board will continue to pursue policies to ensure, as far as possible, that the school will further build on these achievements.

Directors' report *(continued)*

Policy

The Board determines the policy of the school, and the day to day management is delegated to the Principal and the Business Manager. The Board and Sub-committees meet regularly to review the school's progress.

Reserves policy

Unrestricted funds, accumulated from past operating results, represent free resources of the company. The directors are satisfied that unrestricted funds held in liquid funds are sufficient to cover operating expenditure at current levels for the foreseeable future.

The restricted funds are held to receive income due to the company available for use by the directors in pursuance of the stated aims of the relevant funds.

Risk management policy

The board continued to review risk management procedures during the year, summarised under four categories:

Strategic
Operational
Regulatory
Financial

Procedures have been established to manage significant identified risks in all areas and a system of continuing review initiated.

Directors

The directors of the company, who are also the charity trustees and governors of the school, who served during the year were:

J S Perry* (Chairman)
Professor J R McDonald* (Vice Chairman)
Ms J Boag Thomson
A B Braidwood*
Dr J M Brown*
Mrs C R Giles
J G Maxwell*
Miss E N D Robertson
W Wiseman

The directors retiring are Dr J M Brown, J G Maxwell and Professor J R McDonald who, being eligible, offer themselves for re-election.

Mr R Bissland* was elected to the Board on 28th October 2004; his appointment falls to be confirmed at the Annual General Meeting.

* Denotes directors who had children at the school during the year. No fee discounts were granted in respect of these children.

Directors' report *(continued)*

Key personnel and advisers

Headmistress: Gillian R Burt MA (Hons) (Retired 20 August 2004)
Principal: Gillian C K Stobo BSc MSc Dip Ed (Appointed 2 August 2004)

Secretary and Business Manager: Ian Dalglish CA

Bankers: The Royal Bank of Scotland plc
10 Gordon Street
Glasgow

Solicitors: Golds
8 Newton Place
Glasgow

Auditors: Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow

Financial results

The consolidated financial results of the company and its subsidiary undertaking for the year are set out on page 8. There was a surplus of £203,000 before transfers to reserves.

By order of the Board

I. Dalglish

I Dalglish
Secretary

72 St Andrew's Drive
Glasgow

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that year. In preparing those financial statements the directors 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Report of the auditors to the members of Craigholme School

We have audited the consolidated financial statements of Craigholme School for the year ended 30 June 2004 set out on pages 8 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 11.

This report is made solely to the charity's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As described in the Statement of Directors' Responsibilities, the charitable company's governors, as directors, are responsible for the preparation of the financial statements in accordance with the applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.


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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group and the company's affairs as at 30 June 2004 and of the group's incoming resources and application of resources, including its income and expenditure, in the year and have been properly prepared in accordance with the Companies Act 1985.


Scott-Moncrieff
Chartered Accountants
Registered Auditor
25 Bothwell Street
Glasgow

Consolidated Statement of Financial Activities and Income and Expenditure Account

For the year ended 30 June 2004

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2004 £'000	Total 2003 £'000
Incoming resources					
Fees receivable	2	3164	-	3164	2,960
Donations		67	-	67	89
Other income		13	-	13	9
		<hr/>	<hr/>	<hr/>	<hr/>
Investment income	3	3244 11	- 4	3244 15	3,058 12
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		3255	4	3259	3,070
		<hr/>	<hr/>	<hr/>	<hr/>
Resources expended					
Direct charitable expenditure	4	2686	-	2686	2,355
Support costs	4	346	-	346	347
Management and administration of the charity		5		5	5
		<hr/>	<hr/>	<hr/>	<hr/>
		3037	-	3037	2,707
		<hr/>	<hr/>	<hr/>	<hr/>
Interest	6	19	-	19	24
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		3056	-	3056	2,731
		<hr/>	<hr/>	<hr/>	<hr/>
Net incoming resources		199	4	203	339
		<hr/>	<hr/>	<hr/>	<hr/>
Transfers		(16)	16	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		183	20	203	339
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 July 2003		1908	155	2063	1,724
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2004		2091	175	2266	2,063
		<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 18 form part of these accounts

Group Statement of Total Recognised Gains and Losses
For the year ended 30 June 2004

	2004	2003
	£	£
	£'000	£'000
Reported surplus on ordinary activities after revaluation	203	339
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(1)	(1)
Historical cost surplus on ordinary activities	202	338
Historical cost surplus for the year retained after transfers to reserves	202	338

The notes on pages 11 to 18 form part of these accounts

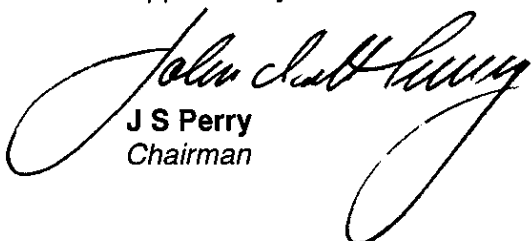
Craigholme School
Financial statements

Balance sheet
at 30 June 2004

		Group		School	
	Note	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Fixed assets					
Tangible fixed assets	7	2,163	1,833	2,163	1,833
Current assets					
Debtors	8	85	75	83	70
Cash at bank		502	680	357	563
		587	755	440	633
Creditors: amounts falling due within one year	9	(204)	(221)	(224)	(250)
Net current assets		383	534	216	383
Total assets less current liabilities		2,546	2,367	2,379	2,216
Creditors: amounts falling due after one year	10	(280)	(304)	(280)	(304)
Total net assets		2,266	2,063	2,099	1,912
Funds					
Restricted	11	175	155	9	9
Unrestricted					
Designated and general funds	12	2,091	1,908	2,090	1,903
		2,266	2,063	2,099	1,912

These accounts have been prepared in accordance with the special provisions relating to small-sized companies within Part VII of the Companies Act 1985.

Approved by the Board on 28th October 2004 and signed on its behalf by:


J S Perry
Chairman

The notes on pages 11 to 18 form part of these accounts

Notes

1 Accounting policies

a. Basis of preparation

The accounts are prepared under the historical cost convention, modified by the revaluation of certain assets, and in accordance with applicable accounting standards and the Statement of Recommended Practice - Accounting and Reporting by Charities.

b. Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property		- 2% straight line
Leasehold property)	- over the period of the lease
Leasehold improvements)	
Equipment		- 20% - 33% straight line

c. Investments

Investments are included in the balance sheet at their market value.

d. Expenditure

Expenditure is allocated to expense headings on a direct cost basis. The irrecoverable element of VAT is included with the item of expense to which it relates. Supplies of games equipment, books, stationery and sundry materials are written off when the expenditure is incurred.

e. Pension schemes

Pension cost charges represent the contributions payable by the company to the schemes concerned.

Notes (continued)

2 Incoming resources

Fees receivable for the year ended 30 June 2004 include grants receivable under the Assisted Places Scheme amounting to £13,455 (2003 £29,000).

	Group		School	
3 Investment income	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Income from listed investments	-	1	-	-
Interest on short term deposits	15	11	11	7
	<u>15</u>	<u>12</u>	<u>11</u>	<u>7</u>
	<u><u>15</u></u>	<u><u>12</u></u>	<u><u>11</u></u>	<u><u>7</u></u>
4 Direct charitable expenditure				
Teaching costs	2,315	1,971	2,315	1,971
Welfare	41	51	41	51
Premises	330	328	330	329
Other	-	5	-	-
	<u>2,686</u>	<u>2,355</u>	<u>2,686</u>	<u>2,351</u>
	<u><u>2,686</u></u>	<u><u>2,355</u></u>	<u><u>2,686</u></u>	<u><u>2,351</u></u>
Support costs				
Administration	319	309	319	309
Finance	-	3	-	3
Foundation	27	35	27	35
	<u>346</u>	<u>347</u>	<u>346</u>	<u>347</u>
	<u><u>346</u></u>	<u><u>347</u></u>	<u><u>346</u></u>	<u><u>347</u></u>

The cost of professional indemnity insurance is included within support costs.

Notes (continued)

5 Employees

**2004
Number of Employees**

2003

The average number of employees in the year was:

Teaching: Full-time	57	51
Part-time	14	15
Domestic	22	22
Administration	6	6
	<u>99</u>	<u>94</u>

Staff costs comprise:

	£	£
	£'000	£'000
Wages and salaries	2,079	1,866
Social security costs	167	135
Pension contributions	193	120
	<u>2,439</u>	<u>2,121</u>

The directors received no remuneration or reimbursement of expenses during either year.

There was 1 employee with emoluments greater than £50,000 during the year who is also accruing defined contribution benefits.

6 Interest payable

2004

2003

£'000

£'000

Loan interest

19

24

Notes (continued)

7 Tangible fixed assets

	Heritable Property £'000	Leasehold Property £'000	Equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 July 2003	1,770	97	220	2,087
Additions	365	-	67	432
Disposals	-	-	(29)	(29)
At 30 June 2004	<u>2,135</u>	<u>97</u>	<u>258</u>	<u>2,490</u>
<i>Depreciation</i>				
At 1 July 2003	79	53	122	254
On disposals	-	-	(29)	(29)
Charge for the year	41	2	59	102
At 30 June 2004	<u>120</u>	<u>55</u>	<u>152</u>	<u>327</u>
<i>Net book amount</i>				
At 30 June 2003	<u>1,691</u>	<u>44</u>	<u>98</u>	<u>1,833</u>
At 30 June 2004	<u>2,015</u>	<u>42</u>	<u>106</u>	<u>2,163</u>

The heritable property was revalued by the directors at 30 June 1997 within a range of values provided by Fotheringham & Co, Chartered Surveyors on the basis of estimated net realisable value for return to residential use. This valuation was updated on 30 June 2000 on a similar basis with subsequent additions shown at cost.

The transitional provisions of Financial Reporting Standard No. 15 have been adopted and the value of the property has not been updated.

8 Debtors and prepayments	Group		School	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Fees	37	21	37	20
Prepayments and accrued income	19	22	19	22
Other debtors	29	32	27	28
	<u>85</u>	<u>75</u>	<u>83</u>	<u>70</u>

Notes (continued)

9	Creditors: amounts due within one year	Group		School	
		2004	2003	2004	2003
		£'000	£'000	£'000	£'000
	Bank loans	44	44	44	44
	Trade creditors and accruals	48	84	48	84
	Taxation and social security	59	48	59	48
	Deferred income	19	20	19	20
	Other creditors	34	25	34	24
	The Craigholme Foundation	-	-	20	30
		<u>204</u>	<u>221</u>	<u>224</u>	<u>250</u>

Included within creditors (notes 9 and 10) is deferred income for advance tuition fees summarised as follows:

	£'000
Balance at 1 July 2003	27
Received in the year	59
Released in the year	(34)
	<u>52</u>
Balance at 30 June 2004	<u>52</u>

10	Creditors: amounts falling due after more than one year	Group		School	
		2004	2003	2004	2003
		£'000	£'000	£'000	£'000
	Loan from Royal Bank of Scotland plc	247	297	247	297
	Tuition fees paid in advance	33	7	33	7
		<u>280</u>	<u>304</u>	<u>280</u>	<u>304</u>

The loan from the Royal Bank of Scotland, which is secured over certain assets of the school, is repayable in nine equal annual instalments from 31 May 2003. The instalment payable in the ensuing year is included in creditors due within one year (note 9).

The portion of the tuition fees paid in advance which refers to the year to 30 June 2005 is likewise included in creditors due within one year (note 9).

Notes (continued)

11	Restricted Funds	Bursary Fund £'000	Prize Fund £'000	Ruth Campbell Memorial Fund £'000	Total £'000
	Balance at 1 July 2003	146	4	5	155
	Income	4	-	-	4
	Transfers	16	-	-	16
		<hr/>	<hr/>	<hr/>	<hr/>
	Balance at 30 June 2004	166	4	5	175
		<hr/>	<hr/>	<hr/>	<hr/>

Bursary Fund

The Bursary fund provides income for bursaries which have been awarded from session 2001/2002. During the year to 30th June 2003, the whole value of the fund was transferred to The Craigholme Foundation where all such funds are now held for the sole benefit of the school.

Prize Fund

A prize fund has been established to provide income for prizes which will be awarded in the future.

Ruth Campbell Memorial Fund

The income from this fund is utilised to support former pupils undertaking approved projects.

12	Unrestricted Funds	Development Fund £'000	Accumulated Fund £'000	Total £'000
	Balance at 1 July 2003	150	1,758	1,908
	Income	71	3,184	3,255
	Expended	(4)	(3,052)	(3,056)
	Transfers		(16)	(16)
		<hr/>	<hr/>	<hr/>
	Balance at 30 June 2004	217	1,874	2,091
		<hr/>	<hr/>	<hr/>

Development Fund

The development fund represents the value of donations received by the Craigholme Foundation (including the related income tax recoveries) less an amount offset against the depreciation charge on those assets funded by the Foundation.

Notes (continued)

13 Capital commitments

Capital commitments contracted for but not provided in these financial statements are £182,000 (2003 £395,000).

14 Pensions

All members of the academic staff have the option to be covered by the Scottish Teachers' Superannuation Scheme (STSS) to which the School contributes. Other staff of the School are covered by the Local Government Superannuation Scheme (LGSS) through Strathclyde Pension Fund. Again the School contributes as the employer.

STSS

This scheme is a defined benefit scheme, which provides benefits based on final pensionable salary. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence the School's contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the statement of financial activities is equal to the contributions paid to the scheme for the year. The pension costs are assessed using the projected unit method.

LGSS

This scheme is a defined benefit scheme, which provides benefits based on final pensionable salary. Whilst it is possible to identify each institution's share of the underlying assets and liabilities of the scheme, the directors consider that full disclosure would be unduly onerous. An actuarial valuation for the purposes of FRS17 was carried out at 31 July 2004 by a qualified independent actuary, identifying a net pension liability at that date of £72,000 (30 June 2003: £126,000). The last formal actuarial valuation was carried out at 31 March 2002.

The assumptions and other data which have the most significant effect on the determination of the contribution levels for the two schemes are as follows:

	STSS	LGSS	
Last actuarial valuation	31 March 1996	31 March 2002	
	31 March 1996	30 June 2004	30 June 2003
Gross investment yield	8.50%	7.3%	7.3%
Investment yield/salary increase differential	+2%	+2.9%	+4.0%
Investment yield/price-indexed pensions differential	+3.50%	+4.4%	+2.5%
Discount rate		5.8%	5.2%
Market value of notional securities	£4,029m	£6,086m	£5,317m
Proportion of members accrued benefits covered by the actuarial valuation	93%	85%	74.0%

Notes (continued)

14 Pensions (cont.)

	<u>Fair value of assets</u>		<u>Expected rate of return</u>	
	2004	2003	2004	2003
	£'000	£'000		
Equities	299	273	7.9%	8.0%
Bonds	59	39	5.4%	4.8%
Other	54	50	5.6%	4.7%

The above disclosures have been based on information supplied by the actuaries concerned, and are required by FRS 17. The Board is of the opinion that, for two reasons, it is of limited value.

1. These actuarial figures relate to the entire schemes of which Craigholme staff funds represent only a very small proportion.
2. The STSS data is considerably out of date.

	2004 £'000	2003 £'000
Pension contributions		
STSS	181	99
LGSS	17	19
	<hr/>	<hr/>
	198	118
	<hr/>	<hr/>