

SC 22095

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

Directors' report and financial statements
30 June 2001



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Craigholme School
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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 Wednesday 5th December at 4.30 pm at 72 St Andrews Drive, Glasgow, to transact the following business:

1. To receive and consider the accounts for the year ended 30 June 2001 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


I Dalglish
Secretary

72 St Andrew's Drive
Glasgow
G41 4HS

1 November 2001

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. The charitable objectives of the school are set out in the Memorandum and Articles of Association of the school which were registered in 1942 when it was incorporated as The Pollok School Company. On 9 May 2000 The Pollok School Company changed its name to Craigholme School.

In October 1995 the Statement of Recommended Practice – Accounting for Charities was issued. The School has complied with these recommendations in preparing the financial statements for the year ended 30 June 2001.

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 494 pupils attended the school.

Policy

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

Craigholme School
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Directors' report *(continued)*

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
J B Park (retired 27 June 2001)
K S G Fish (retired 27 June 2001)
Clare R Giles
Professor J R McDonald
Ms L C Bale (retired 7 June 2001)
Ms J Boag-Thomson
Mr W Wiseman (appointed 24 October 2000)
Dr J M Brown (appointed 7 June 2001)
J G Maxwell (appointed 7 June 2001)

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

Key personnel and advisers

Headmistress:	Gillian R Burt MA (Hons)
Secretary and Business Manager:	Ian Dalglish CA
Bankers:	The Royal Bank of Scotland plc 128 Bath Street Glasgow
Solicitors:	McGrigor Donald 70 Wellington Street Glasgow
Auditors:	Scott-Moncrieff Chartered Accountants 25 Bothwell Street Glasgow

Directors' report *(continued)*

Review

A rising school roll, especially in the Junior School, has led to an increase in teaching numbers, in order that we might maintain our small class sizes.

Careful budgeting and financial management has enabled the school to report a very significant improvement in this year's surplus, with a resultant strengthening of the balance sheet. Craigholme now has a strong financial foundation for the future development of the school.

The year has also seen Craigholme's emergence as the only inter-denominational girls-only school in the west of Scotland; to further build on that unique position, the directors undertook a strategic review of the business from which emerged, inter alia, the need for additional teaching facilities.

The Craigholme School Trust will be the financial vehicle for the provision of the necessary facilities over the next five years; negotiations to purchase an additional property continued throughout the year and were successfully completed on 2 July 2001. After refurbishment, this property will be a stand-alone nursery school, opening in August 2002.

Financial results

The financial results for the year are set out on page 8. There was a surplus of £104,255 before transfers to reserves.

By order of the Board


I Dalglish
Secretary

72 St Andrew's Drive
Glasgow
G41 4HS

1 November 2001

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 company and of the surplus or deficit of the company 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 company 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 company 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 company 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 financial statements on pages 8 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 13.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 company's affairs as at 30 June 2001 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Scott - Moncrieff

Scott-Moncrieff
Chartered Accountants
Registered Auditor
25 Bothwell Street
Glasgow G2 6NL

3 December 2001

Statement of Financial Activities
For the year ended 30 June 2001

	Note	Unrestricted Funds £	Restricted Funds £	Total 2001 £	As restated Total 2000 £
Incoming resources					
Fees receivable	2	2,079,956	-	2,079,956	1,847,698
Capital levy	2	166,920	-	166,920	86,660
Other income		14,229	500	14,729	15,017
		<u>2,261,105</u>	<u>500</u>	<u>2,261,605</u>	<u>1,949,375</u>
Investment income	3	1,746	2,680	4,426	3,359
		<u>1,746</u>	<u>2,680</u>	<u>4,426</u>	<u>3,359</u>
Total incoming resources		<u>2,262,851</u>	<u>3,180</u>	<u>2,266,031</u>	<u>1,952,734</u>
Resources expended					
Direct charitable expenditure	4	1,895,638	4,187	1,899,825	1,825,368
Support costs		252,774	-	252,774	198,312
Management and Administration of the charity		3,600	-	3,600	3,525
		<u>2,152,012</u>	<u>4,187</u>	<u>2,156,199</u>	<u>2,027,205</u>
Interest	6	5,577	-	5,577	1,355
		<u>5,577</u>	<u>-</u>	<u>5,577</u>	<u>1,355</u>
Total resources expended		<u>2,157,589</u>	<u>4,187</u>	<u>2,161,776</u>	<u>2,028,560</u>
Net incoming/(outgoing) Resources before transfers		105,262	(1,007)	104,255	(75,826)
Other recognised gains and losses					
Unrealised surplus on revaluation of property	7	-	-	-	450,000
		<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Net movement in funds		<u>105,262</u>	<u>(1,007)</u>	<u>104,255</u>	<u>374,174</u>
Balance at 1 July 1999 as previously reported		1,312,485	50,303	1,362,788	778,677
Prior year adjustment	8	-	-	-	209,937
		<u>-</u>	<u>-</u>	<u>-</u>	<u>209,937</u>
Balance at 1 July 2000 as restated		<u>1,312,485</u>	<u>50,303</u>	<u>1,362,788</u>	<u>988,614</u>
Balance at 30 June 2001		<u>1,417,747</u>	<u>49,296</u>	<u>1,467,043</u>	<u>1,362,788</u>

Craigholme School
Financial statements
30 June 2001

Note of historical cost profits and losses

For the year ended 30 June 2001

	2001	2000
	£	£
Reported surplus on ordinary activities after revaluation	104,255	374,174
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>(775)</u>	<u>-</u>
Historical cost surplus on ordinary activities	<u>103,480</u>	<u>374,174</u>
Historical cost surplus for the year retained after transfers to reserves	<u>103,480</u>	<u>374,174</u>

Craigholme School
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Balance sheet
at 30 June 2001

	Note	2001 £	As restated 2000 £
Fixed assets			
Tangible fixed assets	7	1,229,575	1,235,963
Investments	9	324	324
		<u>1,229,899</u>	<u>1,236,287</u>
 Current assets			
Debtors and prepayments	10	108,539	81,700
Cash at bank		252,934	173,443
		<u>361,473</u>	<u>255,143</u>
Creditors: amounts falling due within one year	11	(111,829)	(113,017)
		<u>249,644</u>	<u>142,126</u>
Net current assets			
		249,644	142,126
Total assets less current liabilities		1,479,543	1,378,413
 Creditors: amounts falling due after one year	12	(12,500)	(15,625)
		<u>1,467,043</u>	<u>1,362,788</u>
 Funds			
Unrestricted	13	1,417,747	1,312,485
Restricted	13	49,296	50,303
		<u>1,467,043</u>	<u>1,362,788</u>

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

Approved by the Board on 1 November 2001 and signed on its behalf by:


J S Perry
 Chairman

Cash flow statement

As at 30 June 2001

	Note	2001 £	2000 £
Net cash inflow from operating activities	1	123,299	(41,634)
Returns on investments and servicing of finance	2	(1,151)	2,004
Capital expenditure	3	<u>(42,657)</u>	<u>(14,165)</u>
Increase/(decrease) in cash		<u>79,491</u>	<u>(53,795)</u>

**Reconciliation of net cash flow to
Movement in net funds**

Change in net funds/(debt) resulting from cash flows	79,491	(53,795)
Net funds at 1 July 2000	<u>173,443</u>	<u>227,238</u>
Net funds at 30 June 2001	<u>252,934</u>	<u>173,443</u>

Notes on cash flow statement

As at 30 June 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001	2000		
		£	£		
	Operating surplus – from charitable activities	105,406	(77,830)		
	Depreciation	49,045	39,964		
	Increase in debtors	(26,839)	(2,536)		
	(Decrease) in creditors	<u>(4,313)</u>	<u>(1,232)</u>		
	Net cash inflow from operating activities	<u>123,299</u>	<u>(41,634)</u>		
2	Returns on investments and servicing of finance				
	Interest paid	(5,577)	(1,355)		
	Interest received	<u>4,426</u>	<u>3,359</u>		
		<u>(1,151)</u>	<u>2,004</u>		
3	Capital expenditure				
	Payments to acquire tangible fixed assets	<u>(42,657)</u>	<u>(14,165)</u>		
4	Analysis of changes in net funds				
		At 1 July 2000	Cash Flows	Other Changes	At 30 June 2001
		£	£	£	£
	Cash in hand	<u>173,443</u>	<u>79,491</u>	<u>-</u>	<u>252,934</u>
		173,443	79,491	-	252,934

Notes

1 Accounting policies

a. Basis of preparation

The accounts are prepared under historical cost convention, modified by the revaluation of heritable property, and in accordance with applicable accounting standards and the Statement of Recommended Practice - Accounting for 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	- 2% straight line
Equipment	- 20% - 33% straight line

The heritable property is stated on the basis of an independent valuation in 2000. The transitional provisions of Financial Reporting Standard No. 15 have been adopted and the value of the property has not been updated.

c. Fees

Fees consist of charges for the school year ending 30 June.

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 include grants receivable under the Assisted Places Scheme amounting to £80,244 (2000 £93,726).

The capital levy represents a separate fee to meet the costs of major refurbishments to the school buildings.

3 Investment income	2001	2000
	£	£
Income from listed investments	21	21
Interest on short term deposits	4,405	3,338
	<u>4,426</u>	<u>3,359</u>

4 Direct charitable expenditure	2001	As restated 2000
	£	£
Teaching costs	1,594,995	1,461,669
Welfare	26,733	34,043
Premises	278,097	329,656
	<u>1,899,825</u>	<u>1,825,368</u>

5 Employees

	Numbers of employees	
The average number of employees in the year was:	2001	2000
Teaching: Full-time	45	43
Part-time	16	16
Domestic	22	22
Administration	6	5
	<u>89</u>	<u>86</u>

Staff costs comprise:		As restated
	£	£
Wages and salaries	1,520,408	1,414,050
Social security costs	114,622	104,008
Pension contributions	88,783	75,492
	<u>1,723,813</u>	<u>1,593,550</u>

The directors received no remuneration during either year.

Notes (continued)

6	Interest payable	2001	2000		
		£	£		
	Bank overdraft interest	5,577	1,355		
		<u> </u>	<u> </u>		
7	Tangible fixed assets				
		Heritable Property	Leasehold Property	Equipment	Total
	<i>Cost or valuation</i>	£	£	£	£
	At 1 July 2000	1,150,000	96,868	156,450	1,403,318
	Additions	-	-	42,657	42,657
	Disposals	-	-	(44,406)	(44,406)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 30 June 2001	1,150,000	96,868	154,701	1,401,569
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>Depreciation</i>				
	At 1 July 2000	-	47,520	119,835	167,355
	On disposals	-	-	(44,406)	(44,406)
	Charge for the year	23,000	1,728	24,317	49,045
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 30 June 2001	23,000	49,248	99,746	171,994
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<i>Net book amount</i>				
	At 30 June 2001	1,127,000	47,620	54,955	1,229,575
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 30 June 2000	1,150,000	49,348	36,615	1,235,963
		<u> </u>	<u> </u>	<u> </u>	<u> </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.

8 Prior year adjustment

In prior years, the accounting policy allowed for the accrual of payroll costs for July and August, in line with teachers' contracts. It is now considered more appropriate to charge payroll costs to the year in which they are incurred. This has been incorporated into the financial statements for the year to 30 June 2000 as a prior year adjustment.

Notes (continued)

9 Investments	2001	2000
	£	£
Listed on the Stock Exchange	324	324
	<u> </u>	<u> </u>
The market value of listed investments at 30 June 2001 was £300 (2000 £416).		
 10 Debtors and prepayments	 2001	 2000
	£	£
Fees	40,393	26,729
Prepayments and accrued income	25,545	26,250
Other debtors	42,601	28,721
	<u> </u>	<u> </u>
	108,539	81,700
	<u> </u>	<u> </u>
 11 Creditors: amounts due within one year	 2001	 As restated 2000
	£	£
Trade creditors	35,925	40,363
Taxation and social security	41,513	33,656
Accruals and deferred income	5,000	10,000
Other creditors	29,391	28,998
	<u> </u>	<u> </u>
	111,829	113,017
	<u> </u>	<u> </u>

Accruals and deferred income represents the balance of a grant of £20,000 received from the Robertson Trust towards the cost of computer equipment. This is credited against the relevant depreciation charge in four equal annual instalments, the first of which was made in the year ended 30 June 1999.

12 Creditors: amounts falling due after more than one year	2001	2000
	£	£
Loan from Craigholme School Trust	12,500	15,625
	<u> </u>	<u> </u>

This loan is repayable in eight equal annual instalments commencing 1 July 1998. The instalment payable on 1 July 2001 is included in creditors due within one year (note 11).

13 Funds

	Balance 1 July 2000 Restated £	Transfer (to)/from Income and Expenditure Account £	Transfer between Reserves £	Balance 30 June 2001 £
Unrestricted funds:				
Accumulated surplus	1,351,236	105,262	(775)	1,455,723
Revaluation deficit	(38,751)	-	775	(37,976)
	<u>1,312,485</u>	<u>105,262</u>	<u>-</u>	<u>1,417,747</u>
Restricted funds:				
Bursary fund	41,580	(1,564)	-	40,016
Prize fund	3,590	477	-	4,067
Ruth Campbell Memorial Fund	5,133	80	-	5,213
	<u>50,303</u>	<u>(1,007)</u>	<u>-</u>	<u>49,296</u>
Total funds	<u>1,362,788</u>	<u>104,255</u>	<u>-</u>	<u>1,467,043</u>

Bursary fund

The Bursary fund provides income for bursaries which have been awarded from session 2000/2001.

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.

14 Capital commitments

Capital commitments contracted for but not provided in these financial statements are £429,400 (2000 £24,500).

Notes (continued)

15 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 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 income and expenditure account is equal to the contributions paid to the scheme for the year. The pension costs are assessed using the projected unit method. The assumptions and other data which have the most significant effect on the determination of the contribution levels are as follows:

	STSS
Last actuarial valuations	31 March 1996
Gross investment yield	8.5%
Investment yield/salary increase differential	+ 2%
Investment yield/price-indexed pensions differential	+ 3.5%
Market value of notional securities	£4,029 million
Proportion of members accrued benefits covered by the actuarial valuation	93%

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. A full actuarial valuation was carried out at 30 June 2001 by a qualified independent actuary, identifying a net pension asset at that date of £22,000.

	2001 £	2000 £
Pension contributions		
STSS	79,508	70,993
LGSS	9,275	4,499
	<u>88,783</u>	<u>75,492</u>