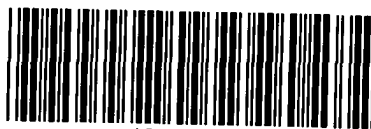

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

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CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Governors' Report	2 - 5
Governors' Responsibilities Statement	6
Independent Auditor's Report on the Financial Statements	7 - 10
Statement of Financial Activities	11
Balance Sheet	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 29

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 29 JUNE 2020

Governors	Ms J Boag-Thomson Mr G Mappin Mr J McLeish Ms Y Hussain (resigned 25 June 2020) Mr I Rigby Mr C J Mackenzie Mr A C Palmer Mr M B Scott Mrs S J Taylor Mr J D G Wilson Mr D S Morwood
Company registered number	SC022095
Charity registered number	SC014860
Registered office	33 Kirklee Road Glasgow G12 0SW
Independent auditor	French Duncan LLP Chartered Accountants & Statutory Auditors 133 Finnieston Street Glasgow G3 8HB
Bankers	The Royal Bank of Scotland plc 10 Gordon Street Glasgow G1 3PL
Solicitors	Addleshaw Goddard LLP Exchange Tower 19 Canning Street Edinburgh EH3 8EH

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 29 JUNE 2020

The Governors present their annual report together with the audited financial statements of the charitable company for the year 30 June 2019 to 29 June 2020. The Annual Report serves the purposes of both a Governors' report and a directors' report under company law. The Governors confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the charitable company qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

● **Policies and objectives**

Kelvinside Academy and Craigholme School entered into a strategic partnership at the beginning of 2018 to see if any benefit could be gained by the two organisations working together and help improve their financial position. A collective agreement was reached with financial and operational control by Kelvinside Academy established from the start of the 2018/19 school session. However due to growing costs of operating an independent school the Board of Governors of both charities decided to restructure the educational offering at Craigholme and combine the teaching of senior school pupils at Kelvinside Academy from August 2019. The remaining Junior School facility at Craigholme was closed at the end of the 2019-2020 session due to continued falling pupil numbers.

Office of the Scottish Charity Register

In January 2014 the Office of the Scottish Charity Regulator (OSCR) confirmed that the School has retained its charitable status after successfully meeting the criteria of the public benefit and charity test applied by OSCR.

Bursaries

The Board is mindful of the school's charitable purpose and continues to monitor the number and value of bursaries available. As a result, a significant number of parents, who would not otherwise have the financial resources to choose independent education for their children, are being given equal access to the School. The board is aware that it has to achieve that objective while recognising the position of the rest of the parents who pay full fees.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 JUNE 2020

Achievements and performance

- **Review of activities**

Financial Review

The financial outcome for the year shows a deficit of £1,043,659 which includes a charge of £40,955 for depreciation and asset impairments of £255,174 (2019 - £897,717 deficit). Although operating solely as a junior school and early year's facility with management and support roles being provided by Kelvinside Academy the school continued to record a significant operating deficit. The low pupil roll at the start of the session did not recover as expected during the first half of the school year and recruitment for 2021 was significantly affected by a rise in demand for bursaries from parents struggling to afford the cost of an independent education. This was also not helped by the Covid pandemic. A restructure of the school staffing was commenced in February 2020 to address the operating deficit but it became apparent that with rising employment and premises costs that the school was not in a viable financial position. With great sadness the decision to close the school with effect from the end of the 2020 financial year was made.

The sale of the school campus was completed in January 2021 with the proceeds from the sale used to address the school's liabilities.

- **Going concern**

As noted in the Governors' Report, the school ceased operations at the end of the 2019-2020 session and the financial statements have been prepared on a basis other than that of the going concern basis. This basis includes, where applicable, writing the company's assets down to net realisable value. No provision has been made for the future costs of terminating the charity unless such costs were committed at the reporting date. Further details regarding going concern and the basis on which the accounts have been prepared can be found in accounting policy 2.2.

- **Reserves policy**

In setting the reserves policy, the Governors wish to ensure that the charity can wind down its activities in an orderly manner. The Governors have taken into account future expenditure, existing commitments, and the risk and effects of any known external factors or contingencies. The Governors have assessed the likelihood of these factors impacting the organisation.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 JUNE 2020

Structure, governance and management

● **Constitution**

The company, which is a recognised charity in Scotland, is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 9 June 1942.

The school is governed by its Memorandum and Articles of Association.

● **Methods of appointment or election of Governors**

The management of the charitable company is the responsibility of the Governors who are elected and co-opted under the terms of the Memorandum of Association.

The Governors, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ms J Boag-Thomson
Mr G Mappin
Mr J McLeish
Ms Y Hussain (resigned 25 June 2020)
Mr I Rigby
Mr C J Mackenzie
Mr A C Palmer
Mr M B Scott
Mrs S J Taylor
Mr J D G Wilson
Mr D S Morwood

Governing Body

The directors, who are also members of the company, are appointed at full directors' meetings and are selected to ensure that the expertise available covers all the principal areas of governance of the School. The directors serve for 3 years, renewable for a further similar term. The Board of Governors includes members with a variety of professional skills in areas such as HR, property, finance, health and wellbeing, education and law as well as general experience in business.

● **Organisational structure and decision-making policies**

The Governors met regularly throughout the year to determine the general policy of the School and review its overall management and control, for which they are legally responsible. The implementation of these policies is the responsibility of the various sub-committees of the Board, the Executive Headmaster and the Bursar, supported as required by the other members of the Senior Leadership Team.

The key management personnel are considered to be the Executive Headmaster and the Bursar.

● **Policies adopted for the induction and training of Governors**

Following appointment, new Governors are briefed on the working of the Board and the School by the Bursar. Governors also attend seminars organised by the Scottish Council for Independent Schools and the School has a code of conduct for Governors policy.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 JUNE 2020

Structure, governance and management (continued)

● **Risk management**

The board of Governors have a duty to identify and review the risks to which the School is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Board continued to review risk management procedures during the year, summarised under four categories.

- Strategic
- Operational
- Regulatory
- Financial

Procedures have been set in place to manage significant identified risks in all areas whilst a system of continuing review is in place to monitor these procedures. The Governors have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. This also included an assessment of the impact of the Covid pandemic.

Related parties

Due to the strategic partnership set up in 2018, Kelvinside Academy is considered to be a related party. At the year end there was £1,360,444 (2019: £317,000) owed to Kelvinside Academy.

Disclosure of information to auditor

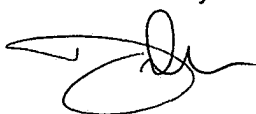
Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, French Duncan LLP, has indicated their willingness to continue in office. The Governors will propose a motion reappointing the auditor at a meeting of the Governors.

Approved by order of the members of the board of Governors on 24 June 2021 and signed
on their behalf by:



Mr J D G Wilson

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 29 JUNE 2020

The Governors (who are also the directors of Craigholme School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGHOLME SCHOOL

Opinion

We have audited the financial statements of Craigholme School (the 'charitable company') for the year ended 29 June 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 29 June 2020 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 Auditor's 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter

We draw attention to the disclosures made in note 2.2 in the financial statements and the Governors' consideration that the use of the going concern basis for the accounts is no longer appropriate. The financial statements have been prepared on the basis set out in Note 2.2.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGHOLME SCHOOL (CONTINUED)

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report 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 Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Governors' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Governors' Report and from the requirement to prepare a Strategic Report.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGHOLME SCHOOL (CONTINUED)

Responsibilities of governors

As explained more fully in the Governors' Responsibilities Statement, the Governors (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 Governors 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 Governors 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 Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an Auditor's Report 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 Auditor's Report.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRAIGHOLME SCHOOL (CONTINUED)

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 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 Governors 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 charitable company, its members, as a body, and its trustees, as a body for our audit work, for this report, or for the opinions we have formed.



Antony J Sinclair (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Chartered Accountants & Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB
Date: 24 June 2021

French Duncan LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 29 JUNE 2020**

	Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	4	-	64,208	64,208	-
Charitable activities	5	-	360,204	360,204	2,310,164
Other income	6	-	27,267	27,267	-
Total income		-	451,679	451,679	2,310,164
Expenditure on:					
Charitable activities	7	-	1,495,338	1,495,338	3,207,881
Total expenditure		-	1,495,338	1,495,338	3,207,881
Net movement in funds		-	(1,043,659)	(1,043,659)	(897,717)
Reconciliation of funds:					
Total funds brought forward		4,987	1,001,457	1,006,444	1,904,161
Net movement in funds		-	(1,043,659)	(1,043,659)	(897,717)
Total funds carried forward		4,987	(42,202)	(37,215)	1,006,444

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 29 form part of these financial statements.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: SC022095

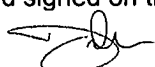
BALANCE SHEET
AS AT 29 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	2,600,000	3,508,867
Investments		284	284
		<u>2,600,284</u>	<u>3,509,151</u>
Current assets			
Debtors	13	65,827	120,120
Cash at bank and in hand		29,173	5,989
		<u>95,000</u>	<u>126,109</u>
Creditors: amounts falling due within one year	14	(2,729,499)	(2,628,816)
Net current liabilities		<u>(2,634,499)</u>	<u>(2,502,707)</u>
Net liabilities excluding pension liability		<u>(34,215)</u>	<u>1,006,444</u>
Defined benefit pension scheme liability	21	(3,000)	-
Total net (liabilities)/assets		<u><u>(37,215)</u></u>	<u><u>1,006,444</u></u>
Charity funds			
Restricted funds	15	4,987	4,987
Unrestricted funds	15	(42,202)	1,001,457
Total funds		<u><u>(37,215)</u></u>	<u><u>1,006,444</u></u>

The Governors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Governors on 24 June 2021 and signed on their behalf by:



Mr J D G Wilson

The notes on pages 14 to 29 form part of these financial statements.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 JUNE 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	87,266	(803,043)
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		724,011	300,000
Purchase of tangible fixed assets		(84,006)	-
Net cash provided by investing activities		640,005	300,000
Cash flows from financing activities			
Cash inflows from new borrowing		-	160,000
Repayments of borrowing		(130,808)	(14,340)
Net cash (used in)/provided by financing activities		(130,808)	145,660
Change in cash and cash equivalents in the year		596,463	(357,383)
Cash and cash equivalents at the beginning of the year		(567,290)	(209,907)
Cash and cash equivalents at the end of the year	19	29,173	(567,290)

The notes on pages 14 to 29 form part of these financial statements

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

1. General information

The company is a company limited by guarantee. The members of the company are the Governors named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Craigholme School meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

As explained in the Governors' Report, activities ceased at the end of the 2019-2020 school session and hence the financial statements have been prepared on a basis other than that of the going concern basis.

In preparing the Financial Statements on this basis, the Governors have:

- Reviewed the carrying value of assets, with regard to their net realisable value;
- Not provided for the future costs of terminating the charity unless such costs were committed at the reporting date.

Kelvinside Academy continues to provide managerial and financial support to the school.

2.3 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

2. Accounting policies (continued)

2.4 Expenditure (continued)

Governance costs are those incurred in connection with administration of the charitable company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs included on the company's operations, including support costs and costs related to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

2.5 Government grants

Grants of a revenue nature are credited to the Statement of Financial Activities as the related expenditure is incurred.

2.6 Taxation

The charitable company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charitable company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating income and expenditure account.

Tangible fixed assets are initially recognised at cost and subsequently carried at cost or valuation, net of depreciation and any provision for impairment. The value has been measured using the net realisable value assuming planning permission could be obtained for residential use.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	- 1% on cost
Fixtures and fittings	- 10% - 33% on cost

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

2. Accounting policies (continued)

2.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(Losses) on investments' in the Statement of Financial Activities incorporating Income and Expenditure Account.

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charitable company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.12 Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

2. Accounting policies (continued)

2.14 Pensions

The charitable company is a member of two defined benefit pension schemes.

The charitable company is a member of a defined benefits pension scheme for its academic staff. The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of the underlying assets and liabilities belonging to individual participating employers. Therefore, as required by accounting standards, the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of Financial Activities incorporating Income and Expenditure Account represents contributions payable to the scheme in respect of the accounting period.

The charitable company is also a member of a multi-employer defined benefits pension scheme for other staff and retirement benefits are funded by the contributions from all participating employers. Payments are made in accordance with periodic valuations by the scheme actuary. The company accounts for the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary and reported in the Balance Sheet. Defined benefit costs are recognised in the Statement of Financial Activities.

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Governors in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Governors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

3. Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements.

Bad debt provision

The recoverability of trade debtor balances requires management judgement based on the information available. Circumstances may change and as a result judgement would be reassessed.

Defined benefit pension liability

The value of the defined benefit pension liability is based on estimates and assumptions as determined by a scheme actuary. The scheme actuary is classed as an expert.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

4. Income from grants

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Government grants	64,208	64,208	-

5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Tuition fees	303,820	303,820	2,203,441
Miscellaneous income	56,384	56,384	106,723
	<u>360,204</u>	<u>360,204</u>	<u>2,310,164</u>
<i>Total 2019</i>	<u>2,310,164</u>	<u>2,310,164</u>	

6. Other incoming resources

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Gain on sale of fixed assets	27,267	27,267	-

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Teaching	531,514	-	531,514	2,093,694
Welfare	5,342	-	5,342	4,518
Premises	276,500	-	276,500	395,447
Support costs of schooling	551,544	130,438	681,982	714,222
	<u>1,364,900</u>	<u>130,438</u>	<u>1,495,338</u>	<u>3,207,881</u>
<i>Total 2019</i>	<u><u>3,079,701</u></u>	<u><u>128,180</u></u>	<u><u>3,207,881</u></u>	

Analysis of direct costs

	Teaching 2020 £	Welfare 2020 £	Premises 2020 £	Support costs of schooling 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	503,875	-	56,576	201,892	762,343	2,344,918
Depreciation	6,739	-	34,216	-	40,955	54,584
Direct costs	20,900	5,342	185,708	349,652	561,602	680,199
	<u>531,514</u>	<u>5,342</u>	<u>276,500</u>	<u>551,544</u>	<u>1,364,900</u>	<u>3,079,701</u>
<i>Total 2019</i>	<u><u>2,093,694</u></u>	<u><u>4,518</u></u>	<u><u>395,447</u></u>	<u><u>586,042</u></u>	<u><u>3,079,701</u></u>	

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Support costs of schooling 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Management charge	120,000	120,000	120,000
Governance costs	10,438	10,438	8,180
	<u>130,438</u>	<u>130,438</u>	<u>128,180</u>
<i>Total 2019</i>	<u>128,180</u>	<u>128,180</u>	

8. Auditor's remuneration

	2020 £	<i>2019 £</i>
Auditor's remuneration - audit	<u>10,438</u>	<u>8,180</u>

9. Staff costs

	2020 £	<i>2019 £</i>
Wages and salaries	656,935	1,956,621
Social security costs	42,857	168,955
Contribution to defined contribution pension schemes	62,551	219,404
	<u>762,343</u>	<u>2,344,980</u>

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

9. Staff costs (continued)

The average number of persons employed by the charitable company during the year was as follows:

	2020	2019
	No.	No.
Teaching	12	46
Domestic	3	9
Non-teaching	15	14
	<u>30</u>	<u>69</u>

No employee received remuneration amounting to more than £60,000 in either year.

Key management personnel are provided by Kelvinside Academy and these costs are included in the financial statements by way of a management charge.

10. Governors' remuneration and expenses

During the year, no Governors received any remuneration or other benefits (2019 - £NIL).

During the year ended 29 June 2020, no Governor expenses have been incurred (2019 - £NIL).

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

11. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 30 June 2019	3,625,000	655,532	4,280,532
Additions	84,006	-	84,006
Disposals	(725,000)	(744)	(725,744)
Impairment	(238,422)	(654,788)	(893,210)
At 29 June 2020	<u>2,745,584</u>	<u>-</u>	<u>2,745,584</u>
Depreciation			
At 30 June 2019	145,000	626,665	771,665
Charge for the year	29,584	11,371	40,955
On disposals	(29,000)	-	(29,000)
On impairment	-	(638,036)	(638,036)
At 29 June 2020	<u>145,584</u>	<u>-</u>	<u>145,584</u>
Net book value			
At 29 June 2020	<u>2,600,000</u>	<u>-</u>	<u>2,600,000</u>
At 29 June 2019	<u>3,480,000</u>	<u>28,867</u>	<u>3,508,867</u>

Since the year end the freehold property was sold and the carrying value has been impaired. Further details are included in note 24.

12. Fixed asset investments

	2020 £
At 29 June 2019 and 29 June 2020	<u>284</u>

All the fixed asset investments are held in the UK.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

13. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	52,904	90,562
Other debtors	501	439
Prepayments and accrued income	12,422	29,119
	<u>65,827</u>	<u>120,120</u>

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	573,279
Bank loans	921,252	1,052,060
Trade creditors	53,869	140,335
Other taxation and social security	39,874	137,632
Other creditors	1,691,709	662,626
Accruals and deferred income	22,795	62,884
	<u>2,729,499</u>	<u>2,628,816</u>

The bank holds a bond and floating charge over the assets of the company.

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

15. Statement of funds

Statement of funds - current year

	Balance at 29 June 2019 £	Income £	Expenditure £	Balance at 29 June 2020 £
Unrestricted funds				
Designated funds				
The Craigholme Foundation	344,000	-	-	344,000
General funds				
Reserves	657,457	451,679	(1,495,338)	(386,202)
Total Unrestricted funds	1,001,457	451,679	(1,495,338)	(42,202)
Restricted funds				
Prize Fund	2	-	-	2
Ruth Campbell Memorial Fund	4,985	-	-	4,985
	4,987	-	-	4,987
Total of funds	1,006,444	451,679	(1,495,338)	(37,215)

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

15. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 July 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 29 June 2019 £</i>
Unrestricted funds				
Designated funds				
The Craigholme Foundation	344,000	-	-	344,000
General funds				
Reserves	1,555,174	2,310,164	(3,207,881)	657,457
Total Unrestricted funds	1,899,174	2,310,164	(3,207,881)	1,001,457
Restricted funds				
Prize Fund	2	-	-	2
Ruth Campbell Memorial Fund	4,985	-	-	4,985
	4,987	-	-	4,987
Total of funds	1,904,161	2,310,164	(3,207,881)	1,006,444

16. Summary of funds

Summary of funds - current year

	<i>Balance at 29 June 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 29 June 2020 £</i>
Designated funds	344,000	-	-	344,000
General funds	657,457	451,679	(1,495,338)	(386,202)
Restricted funds	4,987	-	-	4,987
	1,006,444	451,679	(1,495,338)	(37,215)

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

16. Summary of funds (continued)

Summary of funds - prior year

	<i>Balance at 1 July 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 29 June 2019 £</i>
Designated funds	344,000	-	-	344,000
General funds	1,555,174	2,310,164	(3,207,881)	657,457
Restricted funds	4,987	-	-	4,987
	<u>1,904,161</u>	<u>2,310,164</u>	<u>(3,207,881)</u>	<u>1,006,444</u>

Designated funds

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

Restricted funds

Prize Fund

The income from this fund is utilised to offset the cost of prizes.

Ruth Campbell Memorial Fund

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

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	2,600,000	2,600,000
Fixed asset investments	-	284	284
Current assets	4,987	90,013	95,000
Creditors due within one year	-	(2,729,499)	(2,729,499)
Provisions for liabilities and charges	-	(3,000)	(3,000)
Total	<u>4,987</u>	<u>(42,202)</u>	<u>(37,215)</u>

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020**

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Restricted funds 2019 £</i>	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	3,508,867	3,508,867
Fixed asset investments	-	284	284
Current assets	4,987	121,122	126,109
Creditors due within one year	-	(2,628,816)	(2,628,816)
Total	<u>4,987</u>	<u>1,001,457</u>	<u>1,006,444</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	<u>(1,043,659)</u>	<u>(897,717)</u>
Adjustments for:		
Depreciation charges	40,955	54,584
Impairment	255,174	-
Gain on the sale of fixed assets	(27,267)	-
Decrease in debtors	80,294	75,788
Increase/(decrease) in creditors	778,769	(35,698)
Increase in pension liability	3,000	-
Net cash provided by/(used in) operating activities	<u>87,266</u>	<u>(803,043)</u>

19. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	29,173	5,989
Overdraft facility repayable on demand	-	(573,279)
Total cash and cash equivalents	<u>29,173</u>	<u>(567,290)</u>

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

20. Analysis of changes in net debt

	At 29 June 2019	Cash flows	At 29 June 2020
	£	£	£
Cash at bank and in hand	5,989	23,184	29,173
Bank overdrafts repayable on demand	(573,279)	573,279	-
Debt due within 1 year	(1,052,060)	130,808	(921,252)
	<u>(1,619,350)</u>	<u>727,271</u>	<u>(892,079)</u>

21. Pension commitments

Defined benefit schemes

All members of the academic staff are covered by the Scottish Teachers' Superannuation Scheme (STSS) to which the school contributes, unless they opt otherwise. Other staff of the School are covered by the Local Government Pension Scheme (LGPS) through Strathclyde Pension Fund. Again, the School contributes as the employer.

STSS

The scheme is an unfunded multi-employer defined benefit pension scheme, which provides benefits based on the 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 of £57,792 (2019 - £217,357) recognised within the deficit before adjustment on revaluation 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 methods. Contribution rates during the year were: 7.4% to 11.9%; and employer 17.2%.

LGPS

This scheme is a defined benefit scheme, which provides benefits based on final pensionable salary.

Employer contributions to the scheme during the year amounted to £4,759 (2019 - £2,047). Since the year end, the charity has entered an agreement to exit this scheme at a cost of £3,000. This exit cost has been provided in these accounts.

Other

As part of the auto enrolment process, the school enrolled all eligible staff in a scheme administered by the Peoples Pension in August 2014. The scheme currently operates the minimum employers contributions of 3%. Employer contributions to the scheme during the year amounted to £nil (2019 - £nil).

CRAIGHOLME SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 JUNE 2020

22. Operating lease commitments

At 29 June 2020 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Within 1 year	-	9,509
Later than 1 year and not later than 5 years	-	11,886
	<u>-</u>	<u>21,395</u>

23. Related party transactions

Kelvinside Academy provides managerial and financial support to the School and during the year management charges of £120,000 (2019 - £120,000) were paid to Kelvinside Academy. In addition Kelvinside Academy provided financial assistance amounting to £923,444 (2019 - £197,000). At the year end £1,360,444 (2019 - £317,000) was due to Kelvinside Academy.

24. Post balance sheet events

Following the decision to wind up the charity, the school was closed at the end of the 2019-2020 session, with several staff being made redundant. As a result the accounts have not been prepared on a going concern basis. Further details on this have been given in the Governors' Report and note 2.2 to the accounts.

Since the year end the remaining property asset sold for £2,600,000, before costs and accordingly an impairment adjustment has been made in these accounts. In addition, the charity has entered an agreement to exit the LGPS and further details are included in note 21.

25. Controlling party

In the opinion of the Governors, the controlling party at the balance sheet date was Kelvinside Academy due to common governors with significant influence.