

**MERCHISTON CASTLE SCHOOL  
(COMPANY LIMITED BY GUARANTEE)**

**REPORT AND ACCOUNTS**

**for the year ended 31 July 2002**

**Registration Number : SC 14265**



SCT SC71SJD0 0355  
COMPANIES HOUSE 19/03/03

# **MERCHISTON CASTLE SCHOOL**

**Year ended 31 July 2002**

|                    |                                                                                                                                                                                                                                                                                                           |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Honorary President | The Hon Lord Robertson TD QC BA LLB                                                                                                                                                                                                                                                                       |
| Chairman           | H C Abram WS                                                                                                                                                                                                                                                                                              |
| Deputy Chairman    | P C M Roger CA                                                                                                                                                                                                                                                                                            |
| Governors          | A E Corstorphine<br>W M Wilson CA<br>A G Mickel<br>Dr R E M Irving MA DPhil<br>M N Donaldson MSc<br>R P Lawson BA<br>P S Hodge QC<br>C M A Lugton MA<br>Dr J McClure MA DPhil FRSA FSA (Scot)<br>W M Biggart BA<br>G M D Heron BA<br>DJ Biggar<br>JM Gourlay BCom CA<br>RWL Legget MBA CA<br>HPG Maule MA |
| Secretary          | D G Smith BCom CA                                                                                                                                                                                                                                                                                         |
| Auditors           | Geoghegan & Co, CA                                                                                                                                                                                                                                                                                        |
| Solicitors         | Bennett & Robertson LLP<br>Tods Murray WS                                                                                                                                                                                                                                                                 |
| Registered Office  | 294 Colinton Road<br>Edinburgh, EH13 0PU                                                                                                                                                                                                                                                                  |
| Membership         |                                                                                                                                                                                                                                                                                                           |

The Company is limited by guarantee and therefore has no share capital. There are 268 members (2001: 267) who are obliged to guarantee payment of £1 in the event of the Company going into liquidation. A list of members is available from the registered office.

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# **MERCHISTON CASTLE SCHOOL**

## **GOVERNORS' REPORT**

**for the year ended 31 July 2002**

The Governors present their report on the affairs of the Company together with the accounts and auditors' report.

### **Activities**

The principal activity of the Company is that of an independent school for boys.

### **Results**

The results for the year are set out on 5 to 14.

### **Reserves policy**

The School's unrestricted funds stood at £3.64 million at the year end, wholly deployed as part of the school premises and equipment, and with the need for day to day working capital being met by bank borrowings in the absence of free reserves.

The Governors' policy is to minimise these borrowings while being conscious of the demands of further capital expenditure to equip the School with the up to date facilities needed to maintain the standard of educational services currently provided.

### **Investment policy**

The charity's investments are managed to achieve a balanced portfolio focused on overall return and long term growth in both income and capital.

### **Risk review**

The Board continues to keep the School's activities under review, particularly with regard to any major risks that may arise from time to time. The major risks identified by this process have been mitigated to an acceptable level by internal control systems, insurance cover and other factors as appropriate.

### **Governors**

The present Governors are as listed.

On 4<sup>th</sup> March 2002 DJ Biggar, JM Gourlay, RWL Legget and HPG Maule were appointed as Governors. IM Riddell resigned as a Governor on 1 July 2002.

By Order of the Board



**D G Smith**  
Secretary

6 January 2003

Merchiston Castle School  
Edinburgh

## MERCHISTON CASTLE SCHOOL

### Statement of Responsibilities of the Governors

The Governors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. The Governors have overall responsibility but have delegated to the Executive Committee in conjunction with the Secretary of the Company, the preparation of the accounts and require them to:

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

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

By Order of the Board



**H C Abram**  
Chairman

6 January 2003

## **MERCHISTON CASTLE SCHOOL**

### **CHAIRMAN'S REPORT**

**for the year ended 31 July 2002**

The accounts show a surplus for the year of £158,097 which is a satisfactory performance in these challenging times for the independent educational sector. A further £506,582 was invested in the new Pringle teaching complex and other improvements to our buildings and facilities.

The School has enjoyed another excellent year academically and in so many sporting and other extra curricular activities and in February our third successive Scottish Schools' Rugby Cup Final and fourth success in five consecutive Cup Finals was a memorable highlight.

We started the year with 415 pupils which is the highest in the history of Merchiston. A similar number of pupils started the current academic year when our junior boys in Primary 4, Primary 5 and the First Form were able to enjoy extended facilities available in the new Pringle teaching complex. We view this new centre as having a very positive impact on recruitment for the main School where our priority remains to create enhanced boarding facilities for our senior boys. Over the past year we have been actively progressing our plans to build a new Sixth Form house as well as to improve our boarding accommodation in the Fifth Form which together will benefit three year groups.

Our negotiations for the sale of the land presently occupied by the Cedars have been concluded with an Edinburgh house builder conditional upon them obtaining detailed planning permission for a residential development. On the basis of the professional advice which we have received, we are optimistic that such planning permission will be forthcoming thereby releasing substantial capital to the School for investment in new staff accommodation and the Sixth Form house.

We are extremely grateful to Air Marshal Sir John Baird, a distinguished Merchistonian for his most generous donation to the School which allowed us to renovate two further science laboratories over the summer. We have been encouraged by our initial fundraising efforts and the recent appointment of Barry McCorkell as our new full time Development Director will allow us to develop and implement a full scale fundraising strategy to continue investing in the future of Merchiston.

During the year Iain Riddell retired from the Board after 11 years service and I would like to place on record the Board's appreciation of his invaluable contribution to Merchiston over that time. We appointed four new Governors to the Board and I am delighted to welcome Malcolm Gourlay, Donald Biggar and Hugh Maule, all Merchistonians and Robert Legget, a current parent.

The achievements and successes of the past year would not have been possible but for the tremendous effort and commitment of the Headmaster and his wife and all the staff and I wish to record the Board's appreciation and thanks for all that they have contributed to the continuing success of the School.



**H C Abram**  
Chairman

6 January 2003

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF MERCHISTON CASTLE SCHOOL**

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out on page 9.

**Respective Responsibilities of the Governors and Auditors**

As described in the statement of Governors' responsibilities on page 2 the Governors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 Governors' report is not consistent with the accounts, if the 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 the Governors' remuneration and transactions with the company is not disclosed.

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

**Basis of Opinion**

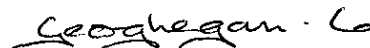
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

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

**Opinion**

In our opinion the accounts give a true and fair view of the state of the Charity's affairs as at 31 July 2002 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Geoghegan & Co  
Chartered Accountants and  
Registered Auditors



6 St Colme Street  
EDINBURGH EH3 6AD

6 January 2003

# MERCHISTON CASTLE SCHOOL

## INCOME AND EXPENDITURE ACCOUNT for the year ended 31 July 2002

|                                          | Notes | 2002             | 2001              |
|------------------------------------------|-------|------------------|-------------------|
| <b>Income</b>                            |       |                  |                   |
| School fees                              | 2     | 4,841,066        | 4,280,216         |
| Donations                                |       | 176,485          | 69,574            |
| Investment income                        |       | 45,709           | 43,891            |
| Other income                             |       | <u>57,861</u>    | <u>44,087</u>     |
| Total income                             |       | <u>5,121,121</u> | <u>4,437,768</u>  |
| <b>Expenditure</b>                       |       |                  |                   |
| Staff costs                              | 3     | 2,557,416        | 2,294,494         |
| Other external charges                   | 5     | 2,367,912        | 2,137,787         |
| Interest payable                         |       | <u>37,696</u>    | <u>36,801</u>     |
|                                          |       | <u>4,963,024</u> | <u>4,469,082</u>  |
| Operating surplus/(deficit) for the year |       | 158,097          | (31,314)          |
| Realised gain on sale of investments     |       | <u>-</u>         | <u>16,097</u>     |
| <b>Surplus/(Deficit) for year</b>        |       | <u>£ 158,097</u> | <u>£ (15,217)</u> |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 July 2002

|                                                  |                 |                   |
|--------------------------------------------------|-----------------|-------------------|
| Surplus/(Deficit) for the year                   | 158,097         | (15,217)          |
| Unrealised (loss) on investments                 | <u>(99,920)</u> | <u>(32,427)</u>   |
| <b>Total gains and losses recognised in year</b> | <u>£ 58,177</u> | <u>£ (47,644)</u> |

# MERCHISTON CASTLE SCHOOL

## BALANCE SHEET as at 31 July 2002

|                                                                | Notes | 2002               | 2001              |
|----------------------------------------------------------------|-------|--------------------|-------------------|
| <b>Fixed Assets</b>                                            |       |                    |                   |
| Tangible assets                                                | 7     | 4,348,629          | 4,020,837         |
| Investments                                                    | 8     | <u>512,481</u>     | <u>531,656</u>    |
|                                                                |       | <u>4,861,110</u>   | <u>4,552,493</u>  |
| <b>Current Assets</b>                                          |       |                    |                   |
| Debtors                                                        | 9     | 331,748            | 219,402           |
| Cash at bank and in hand                                       |       | <u>31,567</u>      | <u>7,080</u>      |
|                                                                |       | 363,315            | 226,482           |
| <b>Creditors:</b> Amounts falling due within one year          | 10    | <u>1,435,122</u>   | <u>1,051,575</u>  |
| <b>Net Current (Liabilities)</b>                               |       | <u>(1,071,807)</u> | <u>(825,093)</u>  |
| <b>Total Assets less Current Liabilities</b>                   |       | 3,789,303          | 3,727,400         |
| <b>Creditors:</b> Amounts falling due after more than one year | 11    | <u>144,566</u>     | <u>140,840</u>    |
| <b>Net Assets</b>                                              |       | <u>£ 3,644,737</u> | <u>£3,586,560</u> |
| <b>Capital and Reserves</b>                                    |       |                    |                   |
| Revenue reserve                                                | 12    | 3,644,737          | 1,281,017         |
| Other reserves                                                 | 12    | <u>-</u>           | <u>2,305,543</u>  |
|                                                                |       | <u>£ 3,644,737</u> | <u>£3,586,560</u> |

These accounts were approved by the Governors on 9 November 2003 and are signed on their behalf by :



H C Abram

Chairman

W M Wilson

Governor

6 January 2003

# MERCHISTON CASTLE SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 July 2002

|                                           | 2002              | 2001              |
|-------------------------------------------|-------------------|-------------------|
| <b>Incoming resources</b>                 |                   |                   |
| Fees receivable                           | 4,841,066         | 4,280,216         |
| Investment income                         | 45,709            | 43,891            |
| Donations                                 | 176,485           | 69,574            |
| Sundry other income                       | 57,861            | 44,087            |
|                                           | <u>5,121,121</u>  | <u>4,437,768</u>  |
| <b>Total incoming resources</b>           |                   |                   |
|                                           | <u>5,121,121</u>  | <u>4,437,768</u>  |
| <b>Charitable expenditure</b>             |                   |                   |
| Teaching and welfare                      | 3,882,442         | 3,494,583         |
| Premises and support cost                 | 830,570           | 753,698           |
| Fund raising and advertising              | 191,408           | 171,094           |
| Finance and other costs                   | 58,604            | 49,707            |
|                                           | <u>4,963,024</u>  | <u>4,469,082</u>  |
| <b>Total resources expended</b>           |                   |                   |
|                                           | <u>4,963,024</u>  | <u>4,469,082</u>  |
| <b>Net incoming resources</b>             | 158,097           | (31,314)          |
|                                           |                   |                   |
| Investment disposal gains                 | -                 | 16,097            |
| Investment revaluation losses             | (99,920)          | (32,427)          |
|                                           | <u>58,177</u>     | <u>(47,644)</u>   |
| <b>Net movement in funds for the year</b> |                   |                   |
|                                           | <u>58,177</u>     | <u>(47,644)</u>   |
| <b>Total funds at 1 August 2001</b>       | 3,586,560         | 3,634,204         |
|                                           | <u>3,586,560</u>  | <u>3,634,204</u>  |
| <b>Total funds at 31 July 2002</b>        | <u>£3,644,737</u> | <u>£3,586,560</u> |

# MERCHISTON CASTLE SCHOOL

## STATEMENT OF CASHFLOWS for the year ended 31 July 2002

|                                                       | Notes | 2002               | 2001              |
|-------------------------------------------------------|-------|--------------------|-------------------|
| <b>Reconciliation of Operating Profit to Net Cash</b> |       |                    |                   |
| <b>Inflow from Operating Activities</b>               |       |                    |                   |
| Operating profit/(loss)                               |       | 158,097            | (31,314)          |
| Non operating cashflows eliminated:                   |       |                    |                   |
| Investment income                                     |       | (45,709)           | (43,891)          |
| Financing costs                                       |       | 35,196             | 36,801            |
| Depreciation                                          |       | 178,791            | 174,198           |
| (Increase)/Decrease in debtors                        |       | (112,346)          | 13,431            |
| Increase in creditors                                 |       | 115,045            | 58,718            |
|                                                       |       | <u>£ 329,074</u>   | <u>£ 207,943</u>  |
| <b>Net Cash Inflow from Operating Activities</b>      |       |                    |                   |
| <b>CASHFLOW STATEMENT</b>                             |       |                    |                   |
| <b>Net Cash Inflow from Operating Activities</b>      |       |                    |                   |
|                                                       |       | <u>329,074</u>     | <u>207,943</u>    |
| <b>Returns on Investment and Servicing of Finance</b> |       |                    |                   |
| Investment income receipts                            |       | 45,709             | 43,891            |
| Financing costs                                       |       | <u>(35,196)</u>    | <u>(36,801)</u>   |
|                                                       |       | <u>10,513</u>      | <u>7,090</u>      |
| <b>Capital Expenditure</b>                            |       |                    |                   |
| Payments to acquire tangible fixed assets             |       | (506,582)          | (299,142)         |
| Receipts from sale of tangible fixed assets           |       | 421                | 816               |
| Payments to acquire investments                       |       | (81,167)           | 185,247           |
| Receipts from sale of investments                     |       | <u>-</u>           | <u>(185,140)</u>  |
|                                                       |       | <u>(587,328)</u>   | <u>(298,219)</u>  |
| <b>Financing</b>                                      |       |                    |                   |
| Hire purchase advance less repayments                 |       | <u>8,683</u>       | <u>(8,733)</u>    |
| <b>(Decrease) in Cash</b>                             | 13    | <u>£ (239,058)</u> | <u>£ (91,919)</u> |

# MERCHISTON CASTLE SCHOOL

## NOTES TO THE ACCOUNTS for the year ended 31 July 2002

### 1 Accounting Policies

#### *Accounting Convention*

The accounts are prepared in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" and the Charity Accounts (Scotland) Regulations 1992. They are drawn up on the historical cost accounting basis except that investment assets are carried at market value.

#### *Donations, legacies and similar incoming resources*

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

#### *Depreciation*

Depreciation is not charged on land or school buildings. In accordance with FRS15, an impairment review under FRS11 is performed on those properties. The results of this review showed that the recoverable amount is in excess of the carrying amount supporting the policy.

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost less estimated residual value, evenly over their remaining estimated useful lives as follows:

|                                     |                     |
|-------------------------------------|---------------------|
| Property improvements               | 5%-10% per annum    |
| Furniture and equipment             | 10% - 25% per annum |
| Plant, machinery and motor vehicles | 20% per annum       |

#### *Investments*

Investments are included at market value at the year end.

#### *Expenditure*

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities. The Company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

#### *Pension Scheme*

The Company contributes to the Scottish Teachers Pension Scheme, which is a defined benefit scheme and is unfunded, contributory and a voluntary membership scheme. In addition, a defined contribution scheme is in operation for non-teaching staff. Contributions to both schemes are charged when they become payable.

#### *Leasing*

Rentals paid under operating leases are charged to the revenue account as they are incurred.

## MERCHISTON CASTLE SCHOOL

### NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 July 2002

#### 2 School fees

School fees comprise fees receivable after deducting allowances, scholarships and other remissions granted by the school.

#### 3 Employee Information

2002 2001

Staff costs comprise:

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| Wages and salaries      | 2,189,907         | 1,974,339         |
| Social security costs   | 180,623           | 162,823           |
| Pension and other costs | 186,886           | 157,332           |
|                         | <u>£2,557,416</u> | <u>£2,294,494</u> |

No Governor received any remuneration for their services.

The average monthly number of persons employed was:

|                |           |           |
|----------------|-----------|-----------|
| Teaching       | 60        | 55        |
| Administration | 24        | 24        |
|                | <u>84</u> | <u>79</u> |

#### 4 Pension costs

Teaching staff are members of the Teachers' Pension Scheme operated by the Scottish Public Pension Agency. This is an unfunded multi-employer defined benefit scheme but it is not possible to identify the Company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. The pension charge in relation to the scheme represents contributions payable by the Company to the fund and amounted to £120,597 (2001-£104,081). Current contributions are payable at 7.15% of pensionable salaries, increasing to 7.4% on 1 April 2003.

The Company also operates a defined contribution pension scheme for non teaching staff. The assets of the scheme are held separately from those of the Company in funds independently administered by Equitable Life Assurance and Clerical Medical Group. The pension scheme cost charge for the year amounted to £52,880 (2001- £43,121).

#### 5 Other External Charges

£ £

This is stated after including:

|                          |         |         |
|--------------------------|---------|---------|
| Depreciation             | 178,791 | 174,198 |
| Auditors' remuneration   | 5,729   | 5,407   |
| Operating lease payments | -       | 479     |
|                          | <u></u> | <u></u> |

# MERCHISTON CASTLE SCHOOL

## NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 July 2002

### 6 Taxation

The Company is registered as a charity and is exempt from liability to taxation in accordance with the provisions of Sections 505 and 506 of the Income and Corporation Taxes Act 1988.

### 7 Tangible Fixed Assets

|                       | Heritable<br>Land and<br>Buildings | Property<br>Improve-<br>ments | Furniture<br>and<br>Equipment | Plant,<br>Machinery<br>and Motor<br>Vehicles | Total             |
|-----------------------|------------------------------------|-------------------------------|-------------------------------|----------------------------------------------|-------------------|
| <b>Cost</b>           |                                    |                               |                               |                                              |                   |
| At 31 July 2001       | 3,309,217                          | 383,603                       | 836,515                       | 160,338                                      | 4,689,673         |
| Additions             | 214,722                            | 154,646                       | 58,994                        | 78,220                                       | 506,582           |
| Disposals             | -                                  | -                             | (144,627)                     | (16,355)                                     | (160,982)         |
| At 31 July 2002       | <u>3,523,939</u>                   | <u>538,249</u>                | <u>750,882</u>                | <u>222,203</u>                               | <u>5,035,273</u>  |
| <b>Depreciation</b>   |                                    |                               |                               |                                              |                   |
| At 31 July 2001       | -                                  | 86,901                        | 469,645                       | 112,289                                      | 668,835           |
| Charge for year       | -                                  | 43,365                        | 97,689                        | 37,737                                       | 178,791           |
| Disposals             | -                                  | -                             | (144,627)                     | (16,355)                                     | (160,982)         |
| At 31 July 2002       | <u>-</u>                           | <u>130,266</u>                | <u>422,707</u>                | <u>133,671</u>                               | <u>686,644</u>    |
| <b>Net Book Value</b> |                                    |                               |                               |                                              |                   |
| At 31 July 2002       | <u>£3,523,939</u>                  | <u>£ 407,983</u>              | <u>£ 328,175</u>              | <u>£ 88,532</u>                              | <u>£4,348,629</u> |
| At 31 July 2001       | <u>£3,309,217</u>                  | <u>£ 296,702</u>              | <u>£ 366,869</u>              | <u>£ 48,049</u>                              | <u>£4,020,837</u> |

Included in fixed assets are assets with a net book value of £44,003 (2001- £14,024) which are subject to hire purchase agreements.

In July 2002, the company entered into a conditional agreement for the sale of the property presently occupied for staff accommodation. The sale will become unconditional on receipt of the appropriate planning permission. The sale consideration represents a considerable increase on the carrying amount of the property, but until planning permission has been granted, the sale will not be reflected in these accounts.

# MERCHISTON CASTLE SCHOOL

## NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 July 2002

### 8. Investments Held as Fixed Assets

|                         | UK<br>Listed     | UK<br>Unlisted | Cash for<br>Investment | Total            |
|-------------------------|------------------|----------------|------------------------|------------------|
| Balance at 31 July 2001 | 476,326          | 3,500          | 51,830                 | 531,656          |
| Additions               | 60,017           | -              | 21,149                 | 81,166           |
| Disposals               | (421)            | -              | -                      | (421)            |
| Loss on revaluation     | (99,920)         | -              | -                      | (99,920)         |
|                         | <hr/>            | <hr/>          | <hr/>                  | <hr/>            |
| Balance at 31 July 2002 | <u>£ 436,002</u> | <u>£ 3,500</u> | <u>£ 72,979</u>        | <u>£ 512,481</u> |
| Historical cost         | <u>£ 410,040</u> |                |                        |                  |

Investments whose individual market value exceeds 5% of the total are as follows:

|                              |         |
|------------------------------|---------|
| Witan Investment Trust       | £42,021 |
| Alliance Trust               | £39,280 |
| Merchants Trust              | £38,335 |
| Treasury 7 ¾ % 2006          | £30,593 |
| Scottish Investment Trust    | £27,027 |
| Treasury 8% 2003             | £26,289 |
| Securities Trust of Scotland | £25,108 |
| HBOS 9 ¼ % NC Preference     | £23,625 |
| Unilever                     | £22,595 |

### 9 Debtors

|                             | 2002             | 2001             |
|-----------------------------|------------------|------------------|
| Fees and outlays in arrears | 195,667          | 136,674          |
| Other debtors               | 136,081          | 82,728           |
|                             | <hr/>            | <hr/>            |
|                             | <u>£ 331,748</u> | <u>£ 219,402</u> |

### 10 Creditors: Amounts falling due within one year

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Bank overdraft                  | 847,713           | 584,168           |
| Fees received in advance        | 216,191           | 162,711           |
| Taxes and social security costs | 57,256            | 51,648            |
| Trade creditors                 | 135,434           | 53,047            |
| Other creditors                 | 82,035            | 72,639            |
| Accruals                        | 82,578            | 118,629           |
| Hire purchase creditor          | 13,915            | 8,733             |
|                                 | <hr/>             | <hr/>             |
|                                 | <u>£1,435,122</u> | <u>£1,051,575</u> |

# MERCHISTON CASTLE SCHOOL

## NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 July 2002

### 11 Creditors: Amounts falling due after more than one year

|                        |                  |                  |
|------------------------|------------------|------------------|
| Other creditors        | 138,149          | 137,924          |
| Hire purchase creditor | 6,417            | 2,916            |
|                        | <u>£ 144,566</u> | <u>£ 140,840</u> |

### 12 Capital and Reserves

|                         | Revenue Reserve    | Other Reserves | Total              |
|-------------------------|--------------------|----------------|--------------------|
| Balance at 31 July 2001 | 1,281,017          | 2,305,543      | 3,586,560          |
| Redesignation of funds  | 2,305,543          | (2,305,543)    | -                  |
| Surplus for the year    | 158,097            | -              | 158,097            |
| Loss on revaluation     | (99,920)           | -              | (99,920)           |
| Balance at 31 July 2002 | <u>£ 3,644,737</u> | <u>-</u>       | <u>£ 3,644,737</u> |

At 31 July 2001 the Governors had identified certain designated funds. They now feel it is more appropriate to incorporate these in the Reserve Reserve.

### 13 Analysis of the Balances of Cash and Cash Equivalents

|                          | 2002               | 2001               | Change in Period   |
|--------------------------|--------------------|--------------------|--------------------|
| Cash at bank and in hand | 31,567             | 7,080              | 24,487             |
| Bank overdraft           | (847,713)          | (584,168)          | (263,545)          |
|                          | <u>£ (816,146)</u> | <u>£ (577,088)</u> | <u>£ (239,058)</u> |

### 14 Capital Commitments

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Amount authorised and contracted for | <u>£ 800,000</u> | <u>£ 100,000</u> |
|--------------------------------------|------------------|------------------|

### 15 Operating Lease Commitments

Annual payments under non-cancellable operating leases are as follows :

#### *Leases which expire*

|                          |                |                |
|--------------------------|----------------|----------------|
| Within one year          | -              | -              |
| Within two to five years | <u>£ 2,381</u> | <u>£ 2,381</u> |

## **MERCHISTON CASTLE SCHOOL**

### **NOTES TO THE ACCOUNTS (Cont'd) for the year ended 31 July 2002**

#### **16 Related Party Transactions**

The Company has a connected undertaking, Merchiston Enterprises Limited, a company limited by guarantee. It utilises the facilities owned by the Company for letting and promotional events to benefit the School at an agreed rental. The charge during the year for the use of facilities amounted to £23,000(2001- £9,000). The amount due to the School at 31 July 2002 was £23,477 (2001- £24,242) and is included at note 9 in other debtors.

In addition, the Company obtained legal advice from a firm of solicitors in which a Governor is a partner. Fees were charged at commercial rates and in the year amounted to £6,000 (2001- nil).