
HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

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HARMENY EDUCATION TRUST LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018**

Trustees

Margery Browning OBE, Chair
David Cathie
Graeme Dalziel
Ian Forbes
William Keil
Louise Kelly
Joanne McMeeking
Jennifer Scott

Company registered number

SC162021

Charity registered number

SC024256

Registered office and principal trading address

Harmeny School
Mansfield Road
Balerno
Midlothian
EH14 7JY

Company secretary

Nicky Findlay

Chief executive

Neil Squires

Senior management team

Nicky Findlay, Head of Finance & Estates
Craig Paul, Head of Care
Steve Still, Head of HR & Workforce Development
Mandy Shiel, Head of Education

Independent auditors

French Duncan LLP
Chartered Accountants & Statutory Auditor
56 Palmerston Place
Edinburgh
EH12 5AY

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018**

Advisers (continued)

Bankers

The Royal Bank of Scotland
239 St John's Road
Edinburgh
EH12 7XA

Solicitors

Morton Fraser LLP
Quartermile Two
2 Lister Square
Edinburgh
EH3 9GL

HARMENY EDUCATION TRUST LIMITED
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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT)
FOR THE YEAR ENDED 31 MARCH 2018

The directors (who are also Trustees for the purposes of Charity Law) present their annual report together with the audited financial statements of the company Harmeny Education Trust for the year ended 31 March 2018.

The directors confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting" and Reporting for Charities" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as amended by Update Bulletin 1.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Harmeny Education Trust Limited (HETL) is a company limited by guarantee and does not have a share capital. The governing documents are the company's articles of association.

The directors of the company are chosen for appointment with reference to their experience and their ability to contribute to the work of the Trust. The Board of Directors meets regularly and has appointed sub-committees covering the principal aspects of the company's operation. Prior to becoming an independent charity, the Trust was previously run by Save the Children Fund and part of the arrangement when assets were gifted, was that they continue to have the right to appoint a Director. The day-to-day running of the company is managed by the Chief Executive and a team of senior managers (as detailed on page 1).

Succession planning and the recruitment process of Trustees are very thorough and focus on required skill sets. An induction pack is provided for new Board members and an induction programme is provided, which includes an overview of the operational and strategic elements of the organisation as well as meetings with key staff.

The Board continuously reviews the blend of skills and experience of Directors relevant to the Trust's core services. A 'matrix of skills' is therefore regularly reviewed to ensure Trustees hold operational and strategic knowledge, skills and experience at a senior level across the following areas: education, care, governance, finance, fundraising, legal, buildings and estates, health and safety, HR and learning & development.

The remuneration of key management personnel is reviewed on an annual basis and is benchmarked against the pay-scales and increases set by the Scottish Joint Council for Local Government Employees and the Scottish Negotiating Committee for Teachers.

The directors, none of whom has a beneficial interest in Harmeny Education Trust Limited (HETL) are:

Margery Browning OBE (Chair)
David Cathie
Graeme Dalziel
Ian Forbes
William Keil
Louise Kelly
Joanne McMeeking
Jennifer Scott

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

RISK ASSESSMENT AND MANAGEMENT

The directors give high priority to evaluating the risks to which the Trust is exposed and ensuring that there are effective systems in place to mitigate those risks. The Trust's risk register is reviewed by the Board annually or as high priority risks emerged.

The Board has conducted its annual review of the major risks to which the Trust is exposed along with the associated actions, procedures and contingency plans put in place to mitigate those risks and is satisfied with the management of those risks.

The key risks, as assessed by the directors, are related to the pension scheme risk associated with being members of a last man standing scheme with a significant deficit, the withdrawal of Scottish Government funding, and organisational change in order to ensure the ongoing sustainability and growth of the Trust.

The Board mitigates these risks as follows:

- The Head of Finance and Estates is a member of the pension scheme's Employer Consultative Group which provides access to the details of methods and assumptions used for the actuarial valuation in addition to the current strategy and plans for the management of the pension scheme deficit.
- We continue to maintain good working relationships with local authorities, ensuring our fees remain competitive, alongside reducing the reliance on Scottish Government funding to cover operational expenditures in a move to a full cost recovery model of school fees for core services in future years.
- The charity aims to hold within unrestricted reserves, a minimum of 9 months expenditure to cover any unforeseen reductions in revenues.

Following recent reports of abuse connected to some charities working in the international aid sector, OSCR has recommended that charity trustees are made aware, on a regular basis, of any safeguarding issues or notifiable events. In addition to the robust systems and procedures already in place, our Incident Log System has been enhanced and an update is now provided at each Board meeting on safeguarding and notifiable events.

OBJECTIVES AND ACTIVITIES

The company was incorporated on 6th December 1995 and is a registered Scottish charity. The assets and liabilities of its predecessor organisation, Harmeny School, were transferred to the company on 21 December 1995.

Harmeny is one of seven grant-aided schools in Scotland. A proportion of operating income comes from a block maintenance grant from the Scottish Government with the balance of costs being charged out in fees to local authorities.

The principal activity of the company is to advance the residential and day education, in Scotland, of children with additional support needs arising from social, emotional and behavioural difficulties.

There are two constituent functions within the company:

- Harmeny School (which incorporates Harmeny Outdoors)
- SQA Centre (Scottish Qualification Authority Centre)

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

Harmeny School

The school provides specialist education and care services on a day and all year round residential basis, for children of primary up to early secondary age. As a Grant Aided Special School, we work with children who have complex social, emotional and behavioural needs. We provide services on both a national and regional basis, with children being referred by local authorities throughout the whole of Scotland. The school is registered with the Care Inspectorate for up to 32 residential places and also provides day places for up to 6 children.

Harmeny Outdoors, which is part of Harmeny School, provides a range of adventurous and environmental activities, which are fully integrated into the curriculum, for all children who attend Harmeny. This service, which is accredited by AALA (Adventure Activities Licensing Authority) is also offered to external groups.

SQA Centre

Harmeny's Scottish Qualifications Authority approved centre aims to offer training opportunities to care and education professionals and students, in order to further increase the skills and knowledge in their areas of work. We therefore offer a range of accredited courses to staff in-house, as well as externally to organisations within the social care and education sectors.

Strategic plan and performance management

The Trust has a three-year Strategic Plan which commenced in August 2017 and will run until July 2020 and includes the following overarching strategic aim:

"To help even more disadvantaged children reach their full potential, Harmeny will enhance its core services, will be renowned for its therapeutic care and education approaches, will have developed new community services, and will be influencing policy and practice nationally."

A regular review of activities detailed in the Strategic Plan is carried out by the directors and management team in order to measure the success of the Trust in achieving their set objectives. A summary of achievements in relation to goals set for the financial year to March 2018 is contained within the section entitled 'Review of Significant Achievements and Performance'.

Overall measurement of the performance of the school is assessed by way of reports resulting from external reviews carried out by the Care Inspectorate, Education Scotland and Adventure Activities Licensing Authority as well as through Harmeny's own internal audit systems including progress on each child's personal plans.

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

REVIEW OF SIGNIFICANT ACHIEVEMENTS AND PERFORMANCE

Harmeny School

During the financial year to 31 March 2018, Harmeny School operated at very good capacity, with an upturn in referrals during the year and enquiries from local authorities throughout Scotland. Harmeny's Business Group and the Board continue to monitor the pupil flow closely, with the optimal capacity, in the medium term remaining at 24 residential and 6 day pupils. The Board of Trustees, during a strategic planning process, considered it vital that investment was made, using reserves, in the reconfiguration and development of skills of the senior management team to support and respond to future opportunities and challenges that lie ahead..

The following are achievements of note:

- We continued to provide quality education and care services for children with complex social, emotional and behavioural needs, from primary through to early secondary age, and for a small number of young people beyond the age of 14.
- We supported around 6 pupils with their transition to local mainstream primary and secondary schools.
- We implemented the review of our senior management team, recruiting a new Head of Education, (commencing August 2017), a Head of Human Resources and Workforce Development (commencing September 2017), a Head of Finance and Estates (commencing December 2017), and a Head of Care (commencing February 2018).
- We concluded the review of our middle management team, ensuring these roles include the operational capacity to effectively manage our core operation, Harmeny School, whilst also supporting the development of new services, in line with our strategic plan.
- We successfully tendered to be part of the Scotland Excel Residential Care and Education Framework, scoring very well: 92.5%, for the residential education option and 82% for the day education option, endorsing our services as being not only of very high quality but also good value.
- The school's very positive care, education and outdoor inspections continued to attract visits from within and beyond Scotland to hear about our therapeutic approach to care and education.
- Our early intervention project, in partnership with Comhairle nan Eilean Siar (Western Isles Council), was independently reviewed, receiving excellent feedback. This resulted in Harmeny entering into a three-year Service Level Agreement with Comhairle nan Eilean Siar, from April 2018 and providing the basis of a model for expanding our community-based work with other local authorities.
- We concluded our systemic practice pilot – an approach to working with carers and families – which proved to be very successful and this will now be rolled out across the school, as one of our core approaches.
- The review of our Religious Moral Education (RME) programme was completed, enabling a new RME curriculum to be introduced.
- We achieved our Eco Schools Green Flag Award, second time round, with the assessment report praising Harmeny for our "sound environmental work" and highlighting a number of areas where we are excelling.
- We commenced an 18 month assessment and planning pilot, appointing a team to further embed our assessment model and develop skills across the workforce.
- Following a successful Erasmus+ grant application, we commenced a programme of staff attending an immersive Spanish Course in Malaga, over an 18 month period, thus enhancing our modern language programme within the school.
- The school was awarded a Pupil Equity Fund Grant by the Scottish Government, allowing us to:
 - o Appoint a Speech and Language Therapist, seconded from NHS Lothian, one day per week;
 - o Engage a Child & Adolescent Psychotherapist, one day a week, to commence a mental health assessment pilot; and
 - o Purchase iPads for children to enhance their learning in the core areas of the curriculum

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Harmeny School (continued)

- We commenced a music therapy programme, on a pilot basis, in partnership with Queen Margaret University.
- We continuously improved the quality of our properties and estate, including the extension of Hawthorn cottage, creating a new kitchen and dining area, allowing more dedicated space for children to play and relax.
- We were delighted that Ron Smith, Volunteer Woodwork Instructor, was awarded a British Empire Medal, in the Queen's new year honours list, for services to Harmeny School, the Seagull Trust Cruises, and the community of Midlothian.
- We made significant progress on the first year of our three-year Strategic Plan, achieving the following strategic objectives:
 - o Making good progress in relation to the completion of a Harmeny Practice Framework
 - o Building our strategic partnership with Comhairle nan Eilan Siar (Western Isles Council)
 - o Beginning to explore the possible development of a 14+ service for children already placed at Harmeny
 - o Considering the further development of our skills-based curriculum, building on our cycling and bike maintenance project
 - o Continuing a review of the care staffing rota
 - o Developing further our Workforce Development business plan and the range of training, qualification and awards.
 - o Making a good start to our 18-month Fundraising Appeal, raising the funds to extend one of our residential cottages and developing a range of promotional materials.

Harmeny Outdoors continued to provide high quality adventurous and environmental activities for children placed at Harmeny, including residential outings and trips, and a programme of practical skills including gardening, woodwork and bike maintenance.

SQA Centre

Our SQA Centre further developed, allowing the delivery of SVQ and HNC awards to Harmeny and external candidates; continued work with the independent private school sector; and very positive systems verification inspections by the Scottish Qualifications Authority.

We held an awards ceremony, in June, for candidates who had achieved their HNC awards over the last two years through the Harmeny SQA centre. This was attended by students, family members, representatives from the Scottish Government, Education Scotland and the SQA. A presentation was made to Anne Johnstone, thanking her for the excellent service she has provided, in her role as learning and development consultant / SQA Centre Manager, for over 20 years.

Our new Head of Human Resources & Workforce Development will further develop our SQA business plan, in order to set up a workforce development centre, incorporating the SQA centre within it, which will be a major strategic priority in the coming years.

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FOR THE YEAR ENDED 31 MARCH 2018

Fundraising

The Trust developed a Fundraising Strategy, which includes policies and procedures for fundraising in line with the Institute of Fundraising Code of Practice. This strategy clearly states that should the Scottish Government grant be withdrawn, our approach would be to raise our fees for our core service (residential or day education), accordingly. Any funds raised would therefore be to either enhance our core service or contribute to the development of new services. Part of the strategy includes a Fundraising Guarantee, which is published on our Website and clearly states the values and standards we adhere to, how donors should expect to be treated, ethically, and how to make a complaint. We are also compliant with data protection legislation and our Privacy Policy, published on our website, includes measures in place to protect the personal data of donors and supporters.

Following approval of the above strategy, a major fundraising appeal was established, with the aim of raising £2.4million towards the extension of two residential cottages, the creation of a new learning hub and a skills project, in partnership with local schools and Barnardo's, for disadvantaged young people from the local community. A Fundraising Development Group was established, as a sub-group of the Board, to support the work of the appeal, chaired by Allan Cook CBE and with members including individuals from the business community, David Cathie, Trustee and the Chief Executive. Our fundraising team was enhanced to include part-time consultants in the areas of major and corporate, trusts and grants, and media and communications, supported by a part-time fundraising and events administrator. The Chief Executive provides regular reports to the Board, who retain overall responsibility for monitoring and reviewing fundraising activities.

Grants and donations are included as restricted donations and legacies as disclosed in the Statement of Financial Activities.

We were very grateful to receive grants from the Scottish Government Pupil Equity Fund and Erasmus+, which have been targeted towards improving children's attainment and achievement in literacy, numeracy and modern languages.

We were also extremely grateful to receive a number of donations towards the work of the school from individuals and organisations within the local and wider community. These ranged from major and corporate donations, through to funds raised through individual efforts and community events.

FINANCIAL REVIEW

The results for the year and the Trust's financial position at the end of the year are shown in the attached financial statements.

During the year, the Trust reported at an operational deficit of £28,297 (2017 - surplus of £185,150) as a result of reorganisation change as detailed on page 6. The level of income generated from government grants and fees remained consistent with prior year.

HETL made an overall net deficit for the year of £3,095 (2017 - net surplus of £198,672). Gains on investments in the year were £5,202 (2017 - £83,522). The movement in the pension fund in the year was an increase of £20,000 (2017 - decrease of £70,000). At the year end the net funds of HETL were £6,038,289 (2017 - £6,041,384).

The Trust continues to work and liaise closely with local authorities across Scotland to ensure that the pupil flow remains at capacity and revenue streams from SQA, Learning & Development and Harmeny Outdoors remain a priority to develop and increase. Expenditure remains under strict control.

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

RESERVES POLICY

The Directors have reviewed the reserves of the Trust in the knowledge that the Scottish Government maintenance grant will continue to be paid at the same level as in the previous year to 31 March 2019. The current position in respect of this Grant, is that it is anticipated it will be withdrawn over a number of years commencing from April 2019.

The Directors are aware that the level of financial risk the Trust is exposed to, is increasing due to the potential decrease and loss of this Grant, along with ongoing financial pressures facing local authorities who are responsible for paying the fees for children placed at Harmeny. Further there is the significant estimated debt related to the recently closed SVSPS (non-teaching staff pension fund) of £1.4million. This has a recovery plan over 12 years and, whilst this debt is contingent on the Trust withdrawing from the scheme, it is aware that the scheme is based upon a "last man standing" principle and that Harmeny School is the third largest employer remaining within the scheme.

Given these external long term risks the Directors consider it both prudent and aspirational to build up unrestricted general reserves over the long term to an equivalent nine months' expenditure currently estimated at c. £3.4million. This level of reserves would allow the Trust to take appropriate steps to re-organise Harmeny's activities to meet any major change in circumstances that it may face.

The current level of unrestricted general reserves equates to approximately 6 months of current running costs which the Board believe are sufficient to cover shortfalls in income for the foreseeable future.

The total reserves at 31 March 2018 are £6,038,289 (2017 - £6,041,384) and this represents:

- £21,809 (2017 - £80,840) in respect of restricted reserves
- £38,401 (2017 - £38,401) in respect of a permanent endowment fund
- £3,067,614 (2017 - £2,550,659) in respect of a capital designated fund relating to tangible fixed assets which cannot be realised without disposal of the related assets
- £Nil (2017 - £150,413) in respect of capital development designated fund
- £107,181 (2017 - £Nil) in respect of learning for life appeal designated fund
- £445,328 (2017 - £912,184) in respect of unrestricted funds relating to tangible fixed assets which cannot be realised without disposal of the related assets
- £1,473,699 (2017 - £1,518,313) in respect of revaluation reserves connected to the charity's property and investment portfolio
- (£1,359,000) (2017 - (£1,426,000)) in respect of SVSP pension deficit

The remaining unrestricted general funds totalling £2,243,257 (2017 - £2,216,574) represent the operational funds for the charity.

GOING CONCERN

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

INVESTMENTS

HETL has an investment portfolio which is managed by Rathbones Investment Management.

The portfolio is managed at a medium risk level. In practice this means that there is a spread of equity and pooled funds covering various markets, sectors and asset classes subject to certain restrictions that the Board have placed on the investment managers.

During the year, the value of investments has increased from £671,382 to £680,822 at 31 March 2018.

The movement in the year represents net disposals from the portfolio in the year totalling £15,979 (2017 - £9,291) and an unrealised gain of £2,409 (2017 - £55,423).

All investment income is re-invested in the portfolio to maximise future growth.

The Board receives regular reports from the investment managers and are satisfied with the performance of the portfolio during 2017-18 taking into account the general performance of the market.

PLANS FOR FUTURE PERIODS

Our priorities for the coming year, in line with the new three year Strategic Plan, can be summarised as follows:

1. Continue to provide high quality education and care that helps children and young people with additional support needs overcome barriers to learning and realise their potential.
2. Complete the development of a practice framework, encouraging consistent and enhanced approaches in relation to working with children and families.
3. Build on our strategic partnership with Comhairle nan Eilean Siar (Western Isles Council), through a three year service level agreement, providing training and consultancy, specialist assessments, community based interventions and residential assessments.
4. Continue to explore the development of residential services for children aged 14+ already placed at Harmeny.
5. Further develop a skills-based curriculum, building on the cycling and bike maintenance project.
6. Strive to monitor and improve staff satisfaction levels, within a highly supportive working environment.
7. Create a Workforce Development Centre, incorporating an SQA Centre, in order to deliver essential training and qualifications to Harmeny staff and external professionals.
8. Further build our Marketing & Communications Strategy, to include a strong media presence and support our fundraising programmes.

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

PUBLIC BENEFIT

Harmeny Education Trust Limited is one of seven national grant aided centres and provides education and care to children who have complex additional support needs that cannot be met in local authority provision.

The school is open to boys and girls from the whole of Scotland. Fees are subsidised by the Scottish Government and grants are paid by the referring Local Authorities. The school has no private pupils.

The directors consider that Harmeny Education Trust Limited provides significant public benefit in addition to the contribution it gives through the school's principal objectives and activities as described above. As well as the work we do with children attending the school, the facilities at Harmeny are also made available to children from other schools and to adults and children from the local community and beyond for training purposes, leisure and volunteering. Fees are charged for access to certain facilities but these are aimed at cost recovery rather than profit.

Harmeny Education Trust Limited also provides training for Social Work, Teaching, Outdoor Education, Nursing and HND Social Services students, providing practical placements within our care and education settings for students from the UK and abroad. In addition, the school offers training opportunities for external agencies and organisations.

As a leader in the field of care and education for children with complex additional support needs, Harmeny actively contributes to improving the care and education of children in this sector by sharing experience and expertise within national working groups and through delivering presentations and workshops at national and international conferences.

VOLUNTEERS

Over the year, many individuals and organisations have volunteered their assistance including 'Friends of Harmeny School Association' whose members and associates devote considerable time and effort to fundraising and other activities on behalf of Harmeny Education Trust Limited.

We have continued to extend our volunteer capacity and are now grateful to have a wide range of volunteers contributing to the work of the school. Examples of volunteering have included: befriending and mentoring, class support, assisting with Harmeny Outdoors activities, Harmeny Community Garden, writing and designing our newsletters, and opportunities for corporate volunteering on environmental projects within our estate.

Our corporate and group volunteering programme continued to grow, with a variety of organisations completing projects within our community garden and estate, including: Aegon, HSBC, Lloyds Banking Group, Lockton, Royal Bank of Scotland and Standard Life.

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT) (continued)
FOR THE YEAR ENDED 31 MARCH 2018

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Harmeny Education Trust Limited for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 presume that the charitable company will continue in operation.

The Trustees 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. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

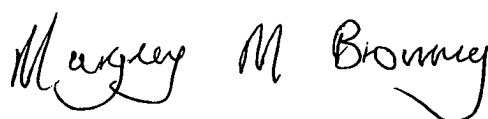
Each of the persons who are directors at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, French Duncan LLP, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at the charity's AGM.

This report (incorporating the Directors' and Strategic report) was approved by the Trustees, on 4 September 2018 and signed on their behalf by:



Margery Browning OBE
Trustee

HARMENY EDUCATION TRUST LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF HARMENY EDUCATION TRUST LIMITED

OPINION

We have audited the financial statements of Harmeny Education Trust Limited (the 'charitable company') for the year ended 31 March 2018 set out on pages 17 to 45. 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 31 March 2018 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 Auditors' 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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF HARMENY EDUCATION TRUST LIMITED

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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 Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have 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 Trustees' report.

We have nothing to report in respect of the following matters in relation to which the 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF HARMENY EDUCATION TRUST LIMITED

RESPONSIBILITIES OF TRUSTEES

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

AUDITORS' 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 Auditors' 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.

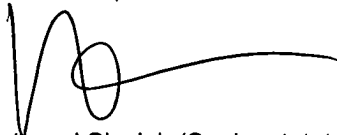
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF HARMENY EDUCATION TRUST LIMITED

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 Trustees those matters we are required to state to them in an Auditors' 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 Auditor

56 Palmerston Place
Edinburgh
EH12 5AY
4 September 2018

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

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018**

		Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
	Note					
INCOME AND ENDOWMENTS FROM:						
Donations & legacies:						
Government grants	2	1,087,673	20,600	-	1,108,273	1,108,273
Other donations and legacies	2	8,336	175,584	-	183,920	40,911
Charitable activities	3	3,582,776	-	-	3,582,776	3,602,210
Investments	4	19,459	-	-	19,459	16,122
TOTAL INCOME AND ENDOWMENTS		4,698,244	196,184	-	4,894,428	4,767,516
EXPENDITURE ON:						
Raising funds	5	6,744	25,939	-	32,683	20,121
Charitable activities	6	4,847,794	42,248	-	4,890,042	4,562,245
TOTAL EXPENDITURE		4,854,538	68,187	-	4,922,725	4,582,366
NET (EXPENDITURE) / INCOME BEFORE INVESTMENT GAINS		(156,294)	127,997	-	(28,297)	185,150
Net gains on investments		5,202	-	-	5,202	83,522
NET (EXPENDITURE) / INCOME BEFORE TRANSFERS		(151,092)	127,997	-	(23,095)	268,672
Transfers between Funds	21	187,028	(187,028)	-	-	-
NET (EXPENDITURE) / INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		35,936	(59,031)	-	(23,095)	268,672
Other recognised gains/(losses)	14	20,000	-	-	20,000	(70,000)
NET MOVEMENT IN FUNDS		55,936	(59,031)	-	(3,095)	198,672
RECONCILIATION OF FUNDS:						
Total funds brought forward		5,922,143	80,840	38,401	6,041,384	5,842,712
TOTAL FUNDS CARRIED FORWARD		5,978,079	21,809	38,401	6,038,289	6,041,384

The notes on pages 21 to 45 form part of these financial statements.

There are no recognised gains or losses other than those shown above. All activities relate to continuing operations.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: SC162021

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		4,947,230		4,889,075
Investments	16		680,822		671,382
			<u>5,628,052</u>		<u>5,560,457</u>
CURRENT ASSETS					
Stocks	17	1,999		-	
Debtors	18	350,113		251,216	
Cash at bank and in hand		1,638,043		1,897,213	
		<u>1,990,155</u>		<u>2,148,429</u>	
CREDITORS: amounts falling due within one year	19	(220,918)		(204,502)	
NET CURRENT ASSETS			<u>1,769,237</u>		<u>1,943,927</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,397,289</u>		<u>7,504,384</u>
Defined benefit pension scheme liability			<u>(1,359,000)</u>		<u>(1,463,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,038,289</u></u>		<u><u>6,041,384</u></u>
CHARITY FUNDS					
Endowment funds	21		38,401		38,401
Restricted funds	21		21,809		80,840
Unrestricted funds:	21				
Unrestricted funds excluding pension liability		7,337,079		7,385,143	
Pension reserve		<u>(1,359,000)</u>		<u>(1,463,000)</u>	
Total unrestricted funds			<u>5,978,079</u>		<u>5,922,143</u>
TOTAL FUNDS			<u><u>6,038,289</u></u>		<u><u>6,041,384</u></u>

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2018

The financial statements constitute the annual financial statements required by the Companies Act 2006 and are for circulation to the members.

The financial statements were approved and authorised for issue by the Trustees on 4 September 2018 and signed on their behalf, by:



Margery Browning OBE

The notes on pages 21 to 45 form part of these financial statements.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	<u>(64,573)</u>	<u>257,414</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		19,459	16,122
Purchase of tangible fixed assets		(209,818)	(160,969)
Proceeds from sale of investments		317,002	591,128
Purchase of investments		<u>(321,240)</u>	<u>(745,415)</u>
Net cash used in investing activities		<u>(194,597)</u>	<u>(299,134)</u>
Change in cash and cash equivalents in the year		<u>(259,170)</u>	<u>(41,720)</u>
Cash and cash equivalents brought forward		<u>1,897,213</u>	<u>1,938,933</u>
Cash and cash equivalents carried forward		<u><u>1,638,043</u></u>	<u><u>1,897,213</u></u>

The notes on pages 21 to 45 form part of these financial statements.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

The financial statements were prepared in Sterling and rounded to the nearest £.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)) as amended by Bulletin 1, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Accounts Scotland Regulations 2006 (as amended) and the Companies Act 2006.

Harmeny Education Trust Limited 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.

1.2 Company status

The charity is a company limited by guarantee and the registered office is Harmeny School, Mansfield Road, Balerno, Midlothian, EH14 7JY.

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

1.3 Consolidation

The company is the parent undertaking of a group which only includes one dormant subsidiary and has therefore taken an exemption from preparing consolidated accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.4 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees 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 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.

Endowment funds represent the book value of property and other assets acquired by the charity on the date of incorporation in December 1995.

Investment income, gains and losses are allocated to the appropriate fund.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.5 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.

Grants receivable are recognised as incoming resources when the conditions for their receipt have been satisfied. Grants received for specific purposes are accounted for as restricted funds. Any grants restricted to future accounting periods are deferred, and recognised in the period to which they relate. Grants for capital projects are credited to a separate restricted fund.

Local Authority fees represent the amounts receivable against the school's net costs for the period and relative to the schools academic year.

Investment income is recognised in the Statement of Financial Activities (SOFA) in the year it is receivable

Interest receivable relates to interest on funds held on deposit and is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1.6 Expenditure

Expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the expenditure. The charity is not registered for VAT and accordingly expenditure is shown including irrecoverable VAT.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs include the central office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources and financing.

Governance costs are the costs associated with the governance arrangements of the charity and are related to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. The costs include external audit, legal advice for trustees and costs associated with constitutional and statutory requirements. Included within this category are any costs associated with the strategic as opposed to day-to-day management of the charity's activities.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.7 Pensions

The charity contributes to the Scottish Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator.

The charity also contributes to a multi-employer scheme for non-teaching staff.

In both of these pension schemes it is not possible for the charity to obtain sufficient information to enable it to account for the schemes as defined benefit schemes therefore they are treated for accounting purposes as defined contribution schemes.

Contributions to both schemes are charged to the Statement of Financial Activities (SOFA) as they become payable in accordance with the rules of the schemes.

The deficit on the now closed SVSPS defined benefit scheme for non-teaching staff is being paid off over a period of years calculated by the Scheme Actuaries to eradicate the deficit in 2029. Payments towards the deficit are included in the Statement of Financial Activities (SOFA).

In accordance with FRS 102, the charity makes provision within the financial statements of the present value of the deficit reduction contributions payable under this agreement.

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 Tangible fixed assets and depreciation

On incorporation, the charity was gifted the land and existing property at Harmeny School on the condition that should the asset cease to be used for the purposes of Special Needs Education, the property would revert to Save the Children Fund.

The original cost of the asset is not available and only costs incurred by the predecessor organisation, Harmeny School, were capitalised on incorporation.

Since incorporation all additions and improvements to land and buildings have been included at cost.

All assets costing more than £500 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Heritable property	-	2% straight line
Plant and machinery	-	25% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	25% straight line

1.9 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities (SOFA) includes net gains and losses on revaluation and disposals throughout the year.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.11 Debtors

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

1.12 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.

1.13 Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Financial instruments

The 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.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Scottish Government - Maintenance grant	1,087,673	-	-	1,087,673	1,087,673
Scottish Government - Capital grant	-	20,600	-	20,600	20,600
Government grants	1,087,673	20,600	-	1,108,273	1,108,273
Donations	8,336	118,627	-	126,963	38,867
Other grants	-	56,957	-	56,957	2,044
Other donations and legacies	8,336	175,584	-	183,920	40,911
Total donations and legacies	1,096,009	196,184	-	1,292,193	1,149,184
<i>Total 2017</i>	<i>1,096,783</i>	<i>52,401</i>	<i>-</i>	<i>1,149,184</i>	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Local authority fees	3,499,946	-	-	3,499,946	3,414,378
Learning & development	25	-	-	25	3,050
Harmeny outdoors	2,527	-	-	2,527	5,049
Other	53,455	-	-	53,455	93,322
SQA	26,823	-	-	26,823	86,411
	3,582,776	-	-	3,582,776	3,602,210
<i>Total 2017</i>	<i>3,602,210</i>	<i>-</i>	<i>-</i>	<i>3,602,210</i>	

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Dividend income	10,982	-	-	10,982	9,291
Bank interest	8,477	-	-	8,477	6,831
	<u>19,459</u>	<u>-</u>	<u>-</u>	<u>19,459</u>	<u>16,122</u>
<i>Total 2017</i>	<u>16,122</u>	<u>-</u>	<u>-</u>	<u>16,122</u>	

5. COSTS OF RAISING FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Fundraisers' costs	-	25,939	-	25,939	13,245
Investment managers fees	6,744	-	-	6,744	6,876
	<u>6,744</u>	<u>25,939</u>	<u>-</u>	<u>32,683</u>	<u>20,121</u>
<i>Total 2017</i>	<u>20,121</u>	<u>-</u>	<u>-</u>	<u>20,121</u>	

6. COSTS OF CHARITABLE ACTIVITIES

	2018 £	2017 £
Harmeny school (see note 8)	4,798,599	4,459,059
SQA (see note 8)	64,709	75,009
Governance costs (See note 11)	26,734	28,177
Total	<u>4,890,042</u>	<u>4,562,245</u>

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Harmeny school	4,761,351	37,248	-	4,798,599	4,459,059
SQA	59,709	5,000	-	64,709	75,009
	<u>4,821,060</u>	<u>42,248</u>	<u>-</u>	<u>4,863,308</u>	<u>4,534,068</u>
<i>Total 2017</i>	<u>4,420,086</u>	<u>113,982</u>	<u>-</u>	<u>4,534,068</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Harmeny school	4,646,584	152,015	4,798,599	4,459,059
SQA	61,137	3,572	64,709	75,009
<i>Total 2018</i>	<u>4,707,721</u>	<u>155,587</u>	<u>4,863,308</u>	<u>4,534,068</u>
<i>Total 2017</i>	<u>4,388,481</u>	<u>145,587</u>	<u>4,534,068</u>	

9. DIRECT COSTS

	Harmeny School £	SQA £	Total 2018 £	Total 2017 £
Consumables	170,909	49,953	220,862	218,200
Operating charges	444,793	-	444,793	404,102
Wages and salaries	3,348,291	10,442	3,358,733	3,091,572
National insurance	300,601	613	301,214	276,658
Pension cost	230,327	129	230,456	235,504
Depreciation	151,663	-	151,663	162,445
	<u>4,646,584</u>	<u>61,137</u>	<u>4,707,721</u>	<u>4,388,481</u>
<i>Total 2017</i>	<u>4,313,472</u>	<u>75,009</u>	<u>4,388,481</u>	

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. DIRECT COSTS

	Harmeny School £	SQA £	Total 2018 £	Total 2017 £
Consumables	170,909	49,953	220,862	218,200
Operating charges	444,793	-	444,793	404,102
Wages and salaries	3,348,291	10,442	3,358,733	3,091,572
National insurance	300,601	613	301,214	276,658
Pension cost	230,327	129	230,456	305,504
Depreciation	151,663	-	151,663	162,445
Subtotal	4,646,584	61,137	4,707,721	4,458,481
Other direct costs	-	-	-	(70,000)
	4,646,584	61,137	4,707,721	4,388,481
<i>Total 2017</i>	4,383,472	75,009	4,458,481	

10. SUPPORT COSTS

	Harmeny school £	SQA £	Total 2018 £	Total 2017 £
Wages and salaries	132,617	3,572	136,189	125,000
National insurance	12,690	-	12,690	12,486
Pension cost	6,708	-	6,708	8,101
	152,015	3,572	155,587	145,587
<i>Total 2017</i>	145,587	-	145,587	

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

11. GOVERNANCE COSTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Restated Total funds 2017 £
Auditors' remuneration	10,217	-	-	10,217	10,926
Corporation tax services	330	-	-	330	-
Professional fees	16,187	-	-	16,187	17,251
	<u>26,734</u>	<u>-</u>	<u>-</u>	<u>26,734</u>	<u>28,177</u>

12. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	151,663	162,446
Auditors' remuneration (net of VAT)	<u>7,750</u>	<u>9,000</u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2017 - £NIL).

Transactions with Trustees

During the year, fees for architectural services of £14,077 (2017 - £7,449) were paid to Ian Forbes, Chartered Architect which include services provided pro bono.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. STAFF COSTS

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,494,923	3,216,572
Social security costs	313,904	289,143
Other pension costs	237,164	243,605
	<u>4,045,991</u>	<u>3,749,320</u>

In addition to the above noted pension costs the charity has made pension deficit contributions of £109,133 (2017 - £105,955) which have been offset against the liability provided within the financial statements during the year. See note 14 for further details.

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

	2018 No.	2017 No.
Education staff	29	29
Care staff	81	81
Domestic staff	17	17
Administrative staff	14	10
Estate staff	5	4
	<u>146</u>	<u>141</u>

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	0	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
In the band £100,001 - £110,000	1	0

Total pension costs to higher paid employees amounted to £11,525 (2017 - £12,436) in the year.

During the financial year, the total remuneration (inclusive of Employers National Insurance and Pension contributions) for Key Management Personnel comprising the Chief Executive, Head of Care, Head of Education, Head of Finance and Estates and Head of HR and Workforce Development was £428,721 (2017 - £313,401). Included within these costs were Interim & Acting Head roles whilst the Senior Management team posts were recruited for, as a result of the agreed strategic organisational change during the year.

Included in the staff costs and key management personnel remuneration above is £66,994 (2017 - £Nil) of ex gratia payments made in the year as a result of organisational change.

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. PENSIONS

Teaching Staff - The Scottish Teachers Superannuation Scheme

Harmeny Education Trust Limited participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2012; there was no change to the rates. The next valuation will be as at 31 March 2016.

Harmeny Education Trust Limited has no liability for other employers' obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Harmeny Education Trust Limited is unable to identify its share of the underlying assets and liabilities on the scheme.

The current rate of 17.2% from 1 September 2015 remains unchanged from 1 April 2017. While the employee rate applied is a variable, it will provide an actuarial yield of 9.6% of pensionable pay.

At the last valuation a shortfall of £1.3 billion was identified in the notional fund which will be repaid by a supplementary rate of 4.5% of employer's pension contributions for fifteen years from 1 April 2015. This contribution is included in the 17.2% employer's contribution rate.

Non-Teaching Staff – Scheme: The Pensions Trust Scottish Voluntary Sector Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 95 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007, there were two benefit structures available, final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate, until the date of Scheme closure on 31 March 2010.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

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A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £88.22m, liabilities of £122.15m and a deficit of £33.93m. To eliminate this funding shortfall, the Trustees asked the participating Employers to pay additional contributions to the scheme as follows:

Defined Contributions

From 1 April 2016 to 31 October 2029:	£1,323,116 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2031	£292,376 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2031	£37,475 per annum (payable monthly)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation showed assets of £66.21m, liabilities of £95.04m and a deficit of £28.83m. To eliminate this funding shortfall, payments consisted of £1,490,000 per annum, increasing by 3% each 1 April annually until 31 March 2028

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Defined contribution schedule

Year ending	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	112	109	106
Year 2	116	112	109
Year 3	119	116	112
Year 4	123	119	116
Year 5	127	123	119
Year 6	130	127	123
Year 7	134	130	127
Year 8	138	134	130
Year 9	142	138	134
Year 10	147	142	138
Year 11	151	147	142
Year 12	91	151	147
Year 13	-	91	151
Year 14	-	-	91
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

Present values of provision

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	1,359	1,463	1,463

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Reconciliation of opening and closing provisions

	Period ending 31 March 2018 (£000s)	Period ending 31 March 2017 (£000s)
Provision at start of period	1,463	1,463
Unwinding of the discount factor (interest expense)	25	36
Deficit contribution paid	(109)	(106)
Remeasurements - impact of any change in assumptions	(20)	70
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	1,359	1,463

Income and Expenditure impact

	Period ending 31 March 2018 (£000s)	Period ending 31 March 2017 (£000s)
Interest expense	25	36
Remeasurements - impact of any change in assumptions	(20)	70
Remeasurements - amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	(5)	(106)

*Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	2.01	1.76	2.55

The discount rates shown above are the equivalent single discount rates which, when used to discount future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Defined Contribution Scheme

A new scheme was provided for non-teaching staff with effect from 1 April 2010. The scheme is a defined contribution scheme, which will accumulate no further risk or liability for Harmeny Education Trust Limited.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. TANGIBLE FIXED ASSETS

	Heritable property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 April 2017	5,149,202	-	158,598	756,864	6,064,664
Additions	153,101	2,640	-	54,077	209,818
At 31 March 2018	<u>5,302,303</u>	<u>2,640</u>	<u>158,598</u>	<u>810,941</u>	<u>6,274,482</u>
Depreciation					
At 1 April 2017	337,024	-	158,598	679,967	1,175,589
Charge for the year	103,871	605	-	47,187	151,663
At 31 March 2018	<u>440,895</u>	<u>605</u>	<u>158,598</u>	<u>727,154</u>	<u>1,327,252</u>
Net book value					
At 31 March 2018	<u>4,861,408</u>	<u>2,035</u>	<u>-</u>	<u>83,787</u>	<u>4,947,230</u>
At 31 March 2017	<u>4,812,178</u>	<u>-</u>	<u>-</u>	<u>76,897</u>	<u>4,889,075</u>

Save the Children Fund, which previously controlled Harmeny School, has been granted a Standard Security over the whole of the heritable property transferred to the company on 21 December 1995.

The company owns the original main building and lodge house, which are both listed. These properties were included in the gift of land and buildings by Save The Children Fund when the company was incorporated in 1995. The value of the assets taken over at that date was recorded as £35,734 in the records of the previous organisation, Harmeny School, and this figure has been included as cost in the balance sheet and the value has been credited to the Endowment Fund. Heritable Property is insured for £10,619,327 which is an estimate of replacement cost and which excludes Value Added Tax.

The proceeds from heritable property, if sold, can only be applied to further the objectives of the school. Otherwise Save the Children Fund may require consideration to be paid in exchange for their consent to the disposals.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. FIXED ASSET INVESTMENTS

	Listed securities £	Other investments £	Shares in group undertakings £	Total £
Market value				
At 1 April 2017	659,840	11,540	2	671,382
Additions	161,915	159,325	-	321,240
Disposals	(145,935)	(168,658)	-	(314,593)
Unrealised gains on investment	2,793	-	-	2,793
At 31 March 2018	678,613	2,207	2	680,822
Historical cost	567,069	2,207	-	569,276

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Harmeny Services Ltd	100%

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Harmeny Services Ltd	2	-

Investments at market value comprise:

	UK £	Overseas £	2018 £	2017 £
Listed investments	396,529	282,084	678,613	659,840
Other investments	2,207	-	2,207	11,540
Group	2	-	2	2
Total market value	398,738	282,084	680,822	671,382

17. STOCKS

	2018 £	2017 £
Kitchen	1,999	-

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18. DEBTORS

	2018	2017
	£	£
Trade debtors	314,024	153,282
Other debtors	1,913	7,996
Prepayments and accrued income	34,176	89,938
	<u>350,113</u>	<u>251,216</u>

19. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	59,152	57,245
Amounts owed to group undertakings	2	2
Other taxation and social security	82,063	77,910
Amount due to pension funds	29,324	27,841
Other creditors	6,930	6,262
Accruals and deferred income	43,447	35,242
	<u>220,918</u>	<u>204,502</u>

	£
Deferred income	
Resources deferred during the year	<u>8,414</u>

Deferred income in the current year is in respect of funding received for SAAS for SVQ training held at Harmeny. Funding was applied for in the current year however the training is to take place in 2018/19.

20. PRIOR YEAR ADJUSTMENT

The prior year Statement of Financial Activities has been restated to amend the accounting for the movement in the provision for deficit contributions in respect of the charity's SVS defined benefit pension scheme in line with note 14. Overall the level of general funds at the year end has not been impacted by these restatements.

HARMENY EDUCATION TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds						
Capital Development Fund	150,413	-	-	(150,413)	-	-
Capital Fund	2,550,659	-	(80,482)	597,437	-	3,067,614
Learning for Life Appeal Fund	-	-	(57)	107,238	-	107,181
	<u>2,701,072</u>	<u>-</u>	<u>(80,539)</u>	<u>554,262</u>	<u>-</u>	<u>3,174,795</u>
General funds						
General Funds	3,165,758	4,698,244	(4,748,999)	(428,827)	2,409	2,688,585
Revaluation Reserve - Property	1,426,232	-	-	(30,345)	-	1,395,887
Revaluation reserve - Investments	92,081	-	-	(17,062)	2,793	77,812
SVSPS Pension Deficit Fund	(1,463,000)	-	(25,000)	109,000	20,000	(1,359,000)
	<u>3,221,071</u>	<u>4,698,244</u>	<u>(4,773,999)</u>	<u>(367,234)</u>	<u>25,202</u>	<u>2,803,284</u>
Total Unrestricted funds	<u>5,922,143</u>	<u>4,698,244</u>	<u>(4,854,538)</u>	<u>187,028</u>	<u>25,202</u>	<u>5,978,079</u>
Endowment funds						
Permanent Endowment Fund	38,401	-	-	-	-	38,401

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**NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS (continued)

Restricted funds

Scottish Government - Capital Grant	-	20,600	-	(20,600)	-	-
Harmeny Outdoors Fund	23,126	-	-	(23,126)	-	-
Learning and Development Fund	12,466	-	(12,466)	-	-	-
Harmeny Community Garden Fund	1,136	-	-	(1,136)	-	-
The Janette Brown Trust for Children Fund	24,210	-	-	(24,210)	-	-
Skatepark Fund	19,902	-	(403)	(19,351)	-	148
Learning for Life Appeal Fund	-	118,627	(31,880)	(86,747)	-	-
Erasmus+ Fund	-	24,557	(13,502)	-	-	11,055
Pupil Equity Fund	-	32,400	(9,936)	(11,858)	-	10,606
	<u>80,840</u>	<u>196,184</u>	<u>(68,187)</u>	<u>(187,028)</u>	<u>-</u>	<u>21,809</u>
Total of funds	<u>6,041,384</u>	<u>4,894,428</u>	<u>(4,922,725)</u>	<u>-</u>	<u>25,202</u>	<u>6,038,289</u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2017 £</i>
Designated funds						
Capital Development Fund	150,413	-	-	-	-	150,413
Capital Expenditure Fund	-	-	-	2,550,659	-	2,550,659
	<u>150,413</u>	<u>-</u>	<u>-</u>	<u>2,550,659</u>	<u>-</u>	<u>2,701,072</u>
General funds						
General Fund	2,926,572	4,715,115	(4,432,384)	(71,644)	28,099	3,165,758
Revaluation Reserve - Property	1,456,577	-	-	(30,345)	-	1,426,232
Revaluation Reserve - Investment	47,567	-	-	(10,909)	55,423	92,081
SVSPS Pension Deficit Fund	(1,463,000)	-	(36,000)	106,000	(70,000)	(1,463,000)
	<u>2,967,716</u>	<u>4,715,115</u>	<u>(4,468,384)</u>	<u>(6,898)</u>	<u>13,522</u>	<u>3,221,071</u>
Total Unrestricted funds	<u>3,118,129</u>	<u>4,715,115</u>	<u>(4,468,384)</u>	<u>2,543,761</u>	<u>13,522</u>	<u>5,922,143</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

21. STATEMENT OF FUNDS (continued)

Endowment funds

Permanent Endowment Fund	38,401	-	-	-	-	38,401
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Restricted funds

New Building Capital Fund	2,625,244	20,600	(95,185)	(2,550,659)	-	-
Harmeny Outdoors Fund	23,126	-	-	-	-	23,126
Learning and Development Fund	12,466	-	-	-	-	12,466
Harmeny Community Garden Fund	1,136	-	-	-	-	1,136
The Janette Brown Trust for Children Fund	24,210	-	-	-	-	24,210
GASS Researcher Fund	-	2,044	(2,044)	-	-	-
Skatepark Fund	-	18,757	(1,639)	2,784	-	19,902
Wildlife Pond Fund	-	11,000	(15,114)	4,114	-	-
	<u>2,686,182</u>	<u>52,401</u>	<u>(113,982)</u>	<u>(2,543,761)</u>	<u>-</u>	<u>80,840</u>
Total of funds	<u>5,842,712</u>	<u>4,767,516</u>	<u>(4,582,366)</u>	<u>-</u>	<u>13,522</u>	<u>6,041,384</u>

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2018 £
Designated funds	2,701,072	-	(80,539)	554,262	-	3,174,795
General funds	3,221,071	4,698,244	(4,773,999)	(367,234)	25,202	2,803,284
	<u>5,922,143</u>	<u>4,698,244</u>	<u>(4,854,538)</u>	<u>187,028</u>	<u>25,202</u>	<u>5,978,079</u>
Endowment funds	38,401	-	-	-	-	38,401
Restricted funds	80,840	196,184	(68,187)	(187,028)	-	21,809
	<u>6,041,384</u>	<u>4,894,428</u>	<u>(4,922,725)</u>	<u>-</u>	<u>25,202</u>	<u>6,038,289</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2016</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2017</i>
	£	£	£	£	£	£
Designated funds	150,413	-	-	2,550,659	-	2,701,072
General funds	2,967,716	4,715,115	(4,468,384)	(6,898)	13,522	3,221,071
	<u>3,118,129</u>	<u>4,715,115</u>	<u>(4,468,384)</u>	<u>2,543,761</u>	<u>13,522</u>	<u>5,922,143</u>
Endowment funds	38,401	-	-	-	-	38,401
Restricted funds	2,686,182	52,401	(113,982)	(2,543,761)	-	80,840
	<u>5,842,712</u>	<u>4,767,516</u>	<u>(4,582,366)</u>	<u>-</u>	<u>13,522</u>	<u>6,041,384</u>

Designated Funds

Capital Fund

This fund represents the net book value of tangible fixed assets which were funded through restricted income received and transferred into this fund when the restriction had been fully discharged. Depreciation incurred in respect of these tangible fixed assets is allocated to this fund during the year.

During the year, transfers have been made into this fund in respect of capital expenditure (net of the current year depreciation) incurred relating to the Learning for Life Appeal designated and restricted funds, the Skatepark Fund and the Pupil Equity Fund.

Learning for Life Appeal Fund

This fund represents monies set aside by the Trustees in respect of the charity's fundraising appeal. During the year, the Trustees designated £116,000 of general funds for this purpose and a proportion of these funds was expended on capital expenditure. At the year end, the net book value of these assets was transferred to the Capital Fund.

Endowment Funds

Permanent Endowment Fund

This fund relates to the property and other assets acquired on the date of incorporation in December 1995.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

21. STATEMENT OF FUNDS (continued)

Restricted Funds

Scottish Government - Capital Grant

This grant is given to deliver capital improvements which support children and young people with additional support needs overcome their barriers to learning and realise their potential.

The funds were fully spent during the year and this expenditure was accounted for within tangible fixed assets. At the year end, the net book value of these assets was transferred to the Capital Fund.

Harmeny Outdoors Fund

Funds raised over a number of years for the purpose of enhancing the adventurous and environmental activities delivered by the Harmeny Outdoors team are included within this fund. At the year end, the Trustees made the decision to transfer the remaining balance within this fund to the Learning for Life Appeal Fund, which includes the further development of specialist outdoor facilities and programmes.

Learning and Development Fund

The Learning & Development grant is being used to finance Care Services training programme for staff at Harmeny. The balance of these funds was fully expended in the current year.

Harmeny Community Garden Fund

In the previous year, Harmeny succeeded in obtaining grants and donations to enable the development of Harmeny Community Garden for the education and enjoyment of the children but also for the use of the local community. At the year end, the Trustees made the decision to transfer the remaining balance within this fund to the Learning for Life Appeal Fund, which includes the use of the Harmeny Estates and Community Garden to deliver innovative environmental learning programmes.

The Janette Brown Trust for Children Fund

The legacy bequeathed by the late Mrs Janette Brown is to be applied for the comfort and care, upbringing and education of children being in the care of Harmeny Education Trust Limited. At the year end, the Trustees made the decision to transfer the remaining balance within this fund to the Learning for Life Appeal fund, which includes the extension of Hawthorn cottage to allow for more space for children to play, relax and be cared for.

Skatepark Fund

This fund relates to grants and donations received to extend the existing Skatepark to allow children even more opportunity to practice their skateboarding and mountain biking skills, thus enabling them to participate in such activities within the community.

The funds were fully spent during the year and this expenditure was accounted for within tangible fixed assets. At the year end, the net book value of these assets was transferred to the Capital Fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

21. STATEMENT OF FUNDS (continued)

Learning for Life Appeal Fund

An appeal to build a learning hub to provide improved facilities for secondary education, skills based learning and creative arts, and also extend residential accommodation at our school. This will also allow us to develop and extend our expertise to work with older children and reach more young people in the community who have experienced adversity and are struggling to cope with school.

During the year, the funds raised were fully spent and accounted for within tangible fixed assets. At the year end, the net book value of these assets was transferred to the Capital Fund.

Erasmus+ Fund

European funding through Erasmus+, is a special scheme to send staff to a European location to learn another language as part of an immersive programme. An approved language school was selected, allowing up to 20 staff to attend the programme within an 18-month period. This links with our strategy to embed the Scottish Government's requirement for all Primary aged children to learn a modern language, with Spanish being our main modern language.

Pupil Equity Fund

A grant in connection with the Scottish Attainment Challenge Pupil Equity Funding. The funding is towards activities, interventions and resources, across five initiatives, targeting a reduction in the poverty related attainment gap, through supporting children to improve their educational outcomes in relation to all three core areas of the curriculum: literacy, numeracy and health and wellbeing.

During the year, a proportion of these funds were expended on computer equipment which is accounted for within tangible fixed assets. At the year end, the net book value of these assets was transferred to the Capital Fund.

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Tangible fixed assets	4,908,830	-	38,401	4,947,231
Fixed asset investments	680,822	-	-	680,822
Current assets	1,968,346	21,809	-	1,990,155
Creditors due within one year	(220,919)	-	-	(220,919)
Provisions for liabilities and charges	(1,359,000)	-	-	(1,359,000)
	<u>5,978,079</u>	<u>21,809</u>	<u>38,401</u>	<u>6,038,289</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Endowment funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	4,830,771	19,902	38,401	4,889,074
Fixed asset investments	671,382	-	-	671,382
Current assets	2,087,491	60,938	-	2,148,429
Creditors due within one year	(204,501)	-	-	(204,501)
Provisions for liabilities and charges	(1,463,000)	-	-	(1,463,000)
	<u>5,922,143</u>	<u>80,840</u>	<u>38,401</u>	<u>6,041,384</u>

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(23,095)	268,672
Adjustment for:		
Depreciation charges	151,663	162,446
(Gains) / losses on investments	(5,202)	(83,522)
Dividends, interest and rents from investments	(19,459)	(16,122)
Increase in debtors	(98,897)	(7,241)
Increase in creditors	16,416	3,181
Increase in stock	(1,999)	-
Defined benefit pension - unwinding of discount factor	25,000	36,000
Defined benefit pension - deficit contributions	(109,000)	(106,000)
Net cash (used in)/provided by operating activities	<u>(64,573)</u>	<u>257,414</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand and at bank	529,304	696,746
Notice deposits (less than 3 months)	1,108,739	1,200,467
Total	<u>1,638,043</u>	<u>1,897,213</u>

HARMENY EDUCATION TRUST LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

25. CONTINGENT LIABILITIES

Harmeny Education Trust Limited (HETL) is a participating employer in the SVSPS Final Salary Pension Scheme. The scheme is now closed and plans are in place to meet the past service funding deficit (see note 14).

HETL has been notified by the Pensions Trust that the estimated employer debt which would have been payable if HETL had withdrawn from the SVSPS Scheme as 30 September 2017 was £6,569,031 (2016 - £9,014,118).

The employer debt figure is calculated on the 'withdrawal' basis or section 75 (s75) basis. The s75 debt calculation is based on the Scheme Actuary's estimate of the pricing basis used to secure pension liabilities in full, in one transaction, with an insurance company, including any orphan liabilities, as at 30 September 2016 for all current and former HETL's pension scheme members.

26. CONTROLLING PARTY

In the opinion of the directors there is no ultimate controlling party