
HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



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 2019**

Trustees

David Cathie
Graeme Dalziel
Ian Forbes
William Keil
Louise Kelly
Joanne McMeeking
Jennifer Scott
Kathryn Black

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
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 2019

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 2019**

The directors (who are also Trustees for the purposes of Charity Law) present their annual report together with the audited financial statements of the charitable company for the year 31 March 2019.

The directors confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) "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) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

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 Memorandum and Articles of Association, and during the financial year 2018-19, it was agreed by the Trustees to commence a review of these, through a sub-group of the Board, supported by an external consultant.

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 induction programme may include additional elements which are tailored to the needs of the new Board member.

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 and 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), who served during the year are:

Margery Browning OBE, Chair to 16 March 2019 (deceased 16 March 2019)
David Cathie
Graeme Dalziel, Interim Chair from 16 March 2019 to 25 June 2019
Ian Forbes
William Keil
Louise Kelly
Joanne McMeeking
Jennifer Scott, Chair from 25 June 2019
Kathryn Black (appointed 27 November 2018)

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Margery Browning passed away after a short illness on 16 March 2019. Margery had been an integral part of the Harmeny community since she became a Trustee in 2007, and Chair in 2012. Her contribution and dedication over the years means she will be greatly missed by staff and pupils alike, as well as Trustees past and present. However, her many gifts and inspiring work will continue to live on.

Graeme Dalziel was appointed as Interim Chair 16 March 2019 until Jennifer Scott was formally appointed as Chair, at a Board Meeting on 25 June 2019.

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 emerge.

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.

In September 2018, HETL was named, alongside many other organisations, by the Scottish Child Abuse Inquiry, the timeline for which relates to young people who were in residential care up to December 2014. Harmeny is highly supportive of the Inquiry, and is fully cooperating through the thorough preparation of a formal response, which is likely to take considerable time for the Inquiry Team to assess, along with those submitted by the other organisations named. Until that process is complete and more information is received regarding the nature of any potential historic allegations, the directors consider a key risk to be the potential reputational and/or financial damage leading to reduced income.

Other risks, as assessed by the directors, relate 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 combined with a reduction in local authority referrals, and organisational change in order to ensure the ongoing sustainability and growth of the Trust.

The Board mitigates these risks as follows:

- Harmeny is highly committed to the safeguarding and welfare of the children and young people who are placed with us. We adhere to National Child Protection guidelines, and to our own Child Protection procedures, which are reviewed on a regular basis. Strong inspection reports reflect very good care and education of children, and continuous improvement.
- Legal advice is being sought on all aspects of the response to the Scottish Child Abuse Inquiry.
- 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.
- A skilled Senior Management Team, with support from a specialist HR Consultancy, Navigator Employment Law, ensures good practice, clear communication and a range of organisational supports during change processes.

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TRUSTEES' REPORT (INCORPORATING DIRECTORS' AND STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

- The charity aims to hold within unrestricted reserves, a minimum of 9 months expenditure to cover any unforeseen reductions in revenues.

OBJECTIVES AND ACTIVITIES

The company was incorporated on 6 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 education and care of children and young people in Scotland with additional support needs on a residential and day basis.

There are two constituent functions within the company:

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

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. Services are provided 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 (SQA) 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 offer a range of accredited courses to staff in-house based on an individual training needs analysis, as well as externally to professionals 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 2019 is contained within the section entitled 'Review of Significant Achievements and Performance'.

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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 AALA, as well as through Harmeny's own internal quality assurance systems including progress on each child's personal plans.

REVIEW OF SIGNIFICANT ACHIEVEMENTS AND PERFORMANCE

Harmeny School

During the financial year to 31 March 2019, Harmeny School operated at very good capacity, with a healthy rate of 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 currently being 24 residential and 6 day pupils whilst being open to considering increased numbers, should there be a demand.

The following are achievements of note during the financial year 2018-19.

- 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.
- Around 6 pupils, at any one time, were supported to transition to, and sustain placements within, local primary or secondary schools, whilst remaining at Harmeny on a residential-only basis.
- The Trust's positive care and education inspections highlighted continued excellent quality care and support, a strong relational approach, innovative practice in relation to assessment and planning, reflective and supportive staff supervision, ensuring wellbeing as a strength of the school, and a very caring ethos, placing children at the heart of everything we do.
- We consolidated the changes within our new senior management and revised middle management team roles, ensuring postholders were well inducted and established into their respective roles.
- A review into our care staffing rota was completed and implemented, following a significant recruitment campaign, allowing a more even spread of care staff across the week and increasing the quota of care staff to ensure required staffing levels across the four residential cottages.
- Following a successful tendering process, we commenced participation in the Scotland Excel National Framework for Children's Residential Care and Education (1 May 2018 to 30 April 2022), endorsing and enhancing our valued partnerships with Scottish local authorities who place children through the Framework.
- Improvements were made to the organisation's HR processes, through the implementation of an online HR system (BreatheHR), enhancing approaches to recruitment, registering as a 'Disability Confident Employer', being awarded the 'Scottish Business Pledge' as a fair and equitable employer.
- A comprehensive review of the Trust's Information Communications Technology (ICT) was carried out, with Trustees approving a number of key recommendations including an in-house ICT team, alongside the use of specialist contractors, investment in a new Server, and a rolling programme of hardware replacement.
- Following a highly successful 'proof of concept' project, we continued our partnership with Comhairle nan Eilean Siar (Western Isles Council), delivering consultancy, training and direct practice, thus enabling children to remain in their local island communities.
- John Swinney, Deputy First Minister, visited the school in May, demonstrating an in-depth understanding of the needs of children with additional support needs, interacting positively with pupils and staff.
- In October, the Chief Executive and Head of Education were invited by the University of Wisconsin Eau Claire, USA, to undertake a week-long study and schools visiting programme, enhancing our existing partnership with the university and providing excellent opportunities to share good practice, learning tools and resources.
- We continued our 18-month programme of staff attending an immersive Spanish Course in Malaga, funded by an Erasmus+ grant, enhancing our modern language programme within the school.
- We continued a music therapy pilot, in partnership with Queen Margaret University.

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- The school was awarded continued Pupil Equity Funding by the Scottish Government, allowing us to purchase ICT equipment and technology for our classrooms, employ a Speech and Language Therapist and Child and Adolescent Psychotherapist one day per week, and implement 'BSquared' evidence for learning software, all of which contributed to improving children's attainment in literacy, numeracy and health and wellbeing.
- We continuously improved the quality of our properties and estate, including: the extension of Holly cottage, following a similar refurbishment of Hawthorn the year before, creating a new kitchen and dining area, allowing more dedicated space for children to play and relax; replacing the flat roof coverings on the main house; and commencing the refurbishment of administrative accommodation on the second floor of the main house. A Sub-Group of the Board was also set up to begin the development of a new Estates Strategy.
- We made further progress in relation to our three-year Strategic Plan, achieving the following objectives within year two of the Plan:
 - o Making further progress in relation to developing a Harmeny Practice Framework, through: Completing an Assessment and Planning Pilot and agreeing to incorporate the model as a core part of Harmeny's Practice Framework; Following the conclusion of a Systemic Practice Pilot, we began rolling out this effective approach to working with families across the whole organisation; Our Speech and Language Therapist providing training for staff in approaches which help children understand and communicate their emotions ('Emotions Talks and 'Zones of Regulation'); and commencing the development of an enhanced Positive Behaviour Policy and Practice Guidelines.
 - o Developing our curriculum through: Paired Reading and Read with a Lead Schemes; Numicon Maths and Coding Clubs; further establishing Spanish as a modern language; drama workshops and performing arts opportunities; developing the young workforce through practical skills programmes; a Relaxed Kids programme; expanding Physical Education opportunities; and working towards becoming a Rights Respecting School.
 - o Continuing to explore the development of a 14+ residential service and skills-based curriculum, through consultation with staff in relation to working with teenagers, and setting up a steering group comprising partners from local secondary schools and Barnardo's.
 - o Developing the work of our SQA Centre (see below)
 - o Making good progress in relation to our major Fundraising Appeal (see below).

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 staff and external candidates; continued work with the independent private school sector; and very positive systems verification inspections by the Scottish Qualifications Authority. The SQA Centre team was further developed to include a Service Manager (Learning and Development), and part-time SQA Coordinator, supported by a Learning and Development Consultant and a team of tutors, assessors and verifiers. A partnership with Learning Nexus was established, offering a wider range of on-line training courses for staff, and placement opportunities were offered to a number of Social Work Students.

Fundraising

Good progress was made in relation to the 'Harmeny Learning for Life' appeal, the aim of which is to raise £2.4million towards the extension of two residential cottages (now achieved as below), 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. The appeal is supported by our Fundraising Development Group, chaired by Allan Cook CBE, and with members including individuals from the business community, Bill Keil, Trustee and the Chief Executive.

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FOR THE YEAR ENDED 31 MARCH 2019

During the year, our fundraising team was enhanced in order to drive the appeal forward, comprising a Fundraising and Communications Manager, 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 members, who retain overall responsibility for monitoring and reviewing fundraising activities.

By 31 March 2019, £706,500 (30%), including £541,100 raised, £164,472 from reserves and a further £191,500 pledged, was raised towards our £2.4 million appeal target, allowing phase 1 to be completed (extending Holly and Hawthorn Cottages to a high standard), and commencing phase 2 (raising funds towards building an Outdoor Centre / Learning Hub).

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, targeted towards improving children's attainment and achievement in literacy, numeracy, health and wellbeing; and The Scottish Government Learning Directorate, towards the cost of reviewing the Trust's ICT provision and development of the Workforce Development Centre, thus supporting the transition to a new commissioning model.

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, 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 surplus of £133,890 (2018 - deficit of £28,297). The level of income generated from government grants remained consistent with prior year with fee income increasing in the year.

HETL made an overall net surplus for the year of £614,371 (2018 - net deficit of £3,095). Gains on investments in the year were £25,481 (2018 - £5,202). The movement in the pension fund in the year was an increase of £455,000 (2018 - £20,000). Following the 2017 valuation, the reasons for the increase include the following; investment returns were higher than expected however future expected returns have reduced increasing the liability, salary experience and inflation have been lower than assumed, contributions have been paid which have reduced the deficit and some changes to the assumptions methodology were adopted to reflect the latest evidence available, but overall this is broadly neutral to the valuation result. At the year end the net funds of HETL were £6,652,660 (2018 - £6,038,289).

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.

It should be noted, since being awarded a place on the Scotland Excel Framework and the change to invoicing arrangements and payment terms there has been an increase in debtors and an offsetting reduction in cash balances, reflecting that school fees are now invoiced monthly in arrears.

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FOR THE YEAR ENDED 31 MARCH 2019

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 2020.

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 £818,000. This has a recovery plan over 8 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. £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 5 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 2019 are £6,652,660 (2018 - £6,038,289) and this represents:

£63,380 (2018 - £21,809) in respect of restricted reserves
£38,401 (2018 - £38,401) in respect of a permanent endowment fund
£3,125,358 (2018 - £3,067,614) in respect of a capital designated fund relating to tangible fixed assets which cannot be realised without disposal of the related assets
£107,181 (2018 - £107,181) in respect of learning for life appeal designated fund
£479,178 (2018 - £445,328) in respect of unrestricted funds relating to tangible fixed assets which cannot be realised without disposal of the related assets
£1,451,135 (2018 - £1,473,699) in respect of revaluation reserves connected to the charity's property and investment portfolio
(£818,000) (2018 - (£1,359,000)) in respect of SVSPS pension deficit

The remaining unrestricted general funds totaling £2,201,027 (2018 - £2,243,257) 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.

INVESTMENTS

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

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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 £680,822 to £712,571 at 31 March 2019.

The movement in the year represents net disposals from the portfolio in the year totaling £14,170 (2018 - £15,979) and an unrealised gain of £25,944 (2018 - £2,409).

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 2018-19 taking into account the general performance of the market.

PLANS FOR FUTURE PERIODS

Our priorities for the coming year, in line with the current 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 and submit a robust and thorough response to the Scottish Child Abuse Inquiry and implement any learning from completing the response .
3. Building on the management and care staffing reviews, ensure that all new staff are fully inducted, supported and embedded into their roles.
4. Complete the development of a Harmeny Practice Framework, including the range of therapeutic and learning approaches deployed within the school.
5. Fully explore the development of residential education services for children aged 14 to 25, already placed at Harmeny, through considering the use of properties within the grounds of the school and a skills-based curriculum.
6. Complete and progress the implementation of a Workforce Development Centre Business Plan.
7. Make further significant progress towards the Harmeny Learning for Life Appeal target of £2.4million.

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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. The children at Harmeny Education Trust Limited are encouraged to take up any opportunities to participate in the wider community depending on the mutual benefit of such an undertaking. One example of this is the relationship developed with an older person in a local care home by one of the children. This has been a huge benefit to both the young person and the resident of the care home.

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

During the year, we completed a review of volunteering, with recommendations including a plan to expand the use of volunteers across care, education and support services, the further development of recruitment, training and supervision mechanisms, and a commitment to work towards the Investing in Volunteers award. A decision was also made to dissolve the Friends of Harmeny Association, and in its place to develop a team of volunteers who will support community fundraising and events, with OSCR agreeing to this in December 2018. We are very grateful to all those members and associates of Friends, who have devoted considerable time and effort over the years to fundraising and other community activities on behalf of HETL.

We are grateful to a range of other volunteers contributing to the work of the school in the areas of befriending and mentoring, class support, assisting with Harmeny Outdoors activities, Harmeny Community Garden, writing and designing our newsletters. Our corporate volunteering programme also continued to grow, with a variety of organisations completing projects within our community garden and estate, including: Aegon, Baillie Gifford, Leonardo, Lockton, Royal Bank of Scotland, Scottish Widows, Skyscanner, Standard Life and Tesco Bank.

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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 (who are also Trustees for the purposes of Charity Law) 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 relevant audit information 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 27.08.19 and signed on their behalf by:



Jennifer Scott
Trustee

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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 2019 set out on pages 16 to 44. 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 2019 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.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

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.

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.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

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

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

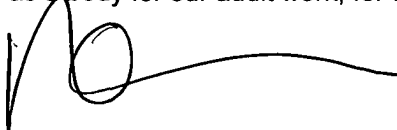
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

Date:

27/08/2019

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 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME AND ENDOWMENTS FROM:						
Donations & legacies:						
Government grants	2	1,087,668	25,475	-	1,113,143	1,108,273
Other donations and legacies	2	9,676	259,801	-	269,477	183,920
Charitable activities	3	4,044,299	-	-	4,044,299	3,582,776
Investments	4	15,972	-	-	15,972	19,459
TOTAL INCOME AND ENDOWMENTS		5,157,615	285,276	-	5,442,891	4,894,428
EXPENDITURE ON:						
Raising funds	5	6,780	37,497	-	44,277	32,683
Charitable activities	6	5,211,633	53,091	-	5,264,724	4,890,042
TOTAL EXPENDITURE		5,218,413	90,588	-	5,309,001	4,922,725
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS		(60,798)	194,688	-	133,890	(28,297)
Net gains on investments		25,481	-	-	25,481	5,202
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(35,317)	194,688	-	159,371	(23,095)
Transfers between Funds	21	148,117	(148,117)	-	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		112,800	46,571	-	159,371	(23,095)
Other recognised gains	14	455,000	-	-	455,000	20,000
NET MOVEMENT IN FUNDS		567,800	46,571	-	614,371	(3,095)
RECONCILIATION OF FUNDS:						
Total funds brought forward		5,978,079	21,809	38,401	6,038,289	6,041,384
TOTAL FUNDS CARRIED FORWARD		6,545,879	68,380	38,401	6,652,660	6,038,289

The notes on pages 19 to 44 form part of these financial statements.

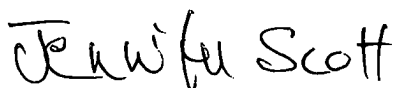
HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: SC162021

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	15		5,008,479		4,947,230
Investments	16		712,571		680,822
			<u>5,721,050</u>		<u>5,628,052</u>
CURRENT ASSETS					
Stocks	17	2,012		1,999	
Debtors	18	1,418,971		350,113	
Cash at bank and in hand		655,712		1,638,043	
		<u>2,076,695</u>		<u>1,990,155</u>	
CREDITORS: amounts falling due within one year	19	(327,085)		(220,918)	
NET CURRENT ASSETS			<u>1,749,610</u>		<u>1,769,237</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,470,660</u>		<u>7,397,289</u>
Defined benefit pension scheme liability			(818,000)		(1,359,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,652,660</u></u>		<u><u>6,038,289</u></u>
CHARITY FUNDS					
Endowment funds	21		38,401		38,401
Restricted funds	21		68,380		21,809
Unrestricted funds	21		6,545,879		5,978,079
TOTAL FUNDS			<u><u>6,652,660</u></u>		<u><u>6,038,289</u></u>

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 27.08.19 and signed on their behalf, by:



Jennifer Scott

The notes on pages 19 to 44 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 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	23	<u>(777,531)</u>	<u>(64,573)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		15,972	19,459
Purchase of tangible fixed assets		(214,504)	(209,818)
Proceeds from sale of investments		306,007	317,002
Purchase of investments		<u>(312,275)</u>	<u>(321,240)</u>
Net cash used in investing activities		<u>(204,800)</u>	<u>(194,597)</u>
Change in cash and cash equivalents in the year		(982,331)	(259,170)
Cash and cash equivalents brought forward		<u>1,638,043</u>	<u>1,897,213</u>
Cash and cash equivalents carried forward	24	<u><u>655,712</u></u>	<u><u>1,638,043</u></u>

The notes on pages 19 to 44 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 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and 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 Trust is a charitable company limited by guarantee, incorporated in the UK and registered in Scotland (Company No. SC162021) and is a registered Scottish Charity (Charity No. SC024256). The registered office is Harmeny School, Mansfield Road, Balerno, Midlothian, EH14 7JY.

The members of the charitable 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 charitable company.

1.3 Going concern

The financial statements have been prepared on a going concern basis. The Trustees have assessed the Trust's ability to continue as a going concern and have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these statements.

1.4 Consolidation

The charitable 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 charitable company as an individual undertaking and not about its group.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.5 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 charitable 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 charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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.

1.6 Income

All income is recognised once the charitable 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 charitable 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 charitable 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 charitable company which is the amount the charitable 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.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.7 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.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. 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.

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

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.9 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

1.10 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.

1.11 Stocks

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

1.12 Debtors

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

1.13 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.

1.14 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.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.15 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.

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical conditions of the assets. See note 15 for carrying amounts of tangible assets.

(ii) Defined benefit pension scheme

The charity operates both a defined benefit pension scheme providing benefits based on final pensionable earnings and a defined contribution scheme. The determination of any pension scheme surplus/deficit is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. Refer to note 14 for details of post retirement benefits.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Scottish Government - Maintenance grant	1,087,668	-	-	1,087,668	1,087,673
Scottish Government - Capital grant	-	20,600	-	20,600	20,600
Scottish Government - Transition grant	-	4,875	-	4,875	-
Government grants	1,087,668	25,475	-	1,113,143	1,108,273
Donations	9,676	231,001	-	240,677	126,963
Grants	-	28,800	-	28,800	56,957
Other donations and legacies	9,676	259,801	-	269,477	183,920
Total donations and legacies	1,097,344	285,276	-	1,382,620	1,292,193
Total 2018	1,096,009	196,184	-	1,292,193	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Local authority fees	3,989,911	-	-	3,989,911	3,499,946
SQA and Learning & development	42,847	-	-	42,847	26,848
Other	11,541	-	-	11,541	55,982
	4,044,299	-	-	4,044,299	3,582,776
Total 2018	3,582,776	-	-	3,582,776	

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

4. INVESTMENT INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Dividend income	13,050	-	-	13,050	10,982
Bank interest	2,922	-	-	2,922	8,477
	<u>15,972</u>	<u>-</u>	<u>-</u>	<u>15,972</u>	<u>19,459</u>
<i>Total 2018</i>	<u>19,459</u>	<u>-</u>	<u>-</u>	<u>19,459</u>	

5. COSTS OF RAISING FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Fundraisers' costs	-	37,497	-	37,497	25,939
Investment managers fees	6,780	-	-	6,780	6,744
	<u>6,780</u>	<u>37,497</u>	<u>-</u>	<u>44,277</u>	<u>32,683</u>
<i>Total 2018</i>	<u>6,744</u>	<u>25,939</u>	<u>-</u>	<u>32,683</u>	

6. COSTS OF CHARITABLE ACTIVITIES

	2019 £	2018 £
Harmeny school (see note 8)	5,147,392	4,798,599
SQA (see note 8)	86,991	64,709
Governance costs (see note 11)	30,341	26,734
Total	<u>5,264,724</u>	<u>4,890,042</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Harmeny school	5,094,301	53,091	-	5,147,392	4,798,599
SQA	86,991	-	-	86,991	64,709
	<u>5,181,292</u>	<u>53,091</u>	<u>-</u>	<u>5,234,383</u>	<u>4,863,308</u>
<i>Total 2018</i>	<u>4,821,060</u>	<u>42,248</u>	<u>-</u>	<u>4,863,308</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Harmeny school	4,923,091	224,301	5,147,392	4,798,599
SQA	56,544	30,447	86,991	64,709
<i>Total 2019</i>	<u>4,979,635</u>	<u>254,748</u>	<u>5,234,383</u>	<u>4,863,308</u>
<i>Total 2018</i>	<u>4,707,721</u>	<u>155,587</u>	<u>4,863,308</u>	

9. DIRECT COSTS

	Harmeny School £	SQA £	Total 2019 £	Total 2018 £
Consumables	177,305	18,159	195,464	220,862
Operating charges	464,385	-	464,385	444,793
Wages and salaries	3,556,931	33,655	3,590,586	3,358,733
National insurance	324,589	2,973	327,562	301,214
Pension cost	246,626	1,757	248,383	230,456
Depreciation	153,255	-	153,255	151,663
	<u>4,923,091</u>	<u>56,544</u>	<u>4,979,635</u>	<u>4,707,721</u>
<i>Total 2018</i>	<u>4,646,584</u>	<u>61,137</u>	<u>4,707,721</u>	

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. SUPPORT COSTS

	Harmeny school £	SQA £	Total 2019 £	Total 2018 £
Other SQA costs	-	9,778	9,778	-
Inquiry costs	28,065	-	28,065	-
Professional fees for Pension Review	12,148	-	12,148	-
Wages and salaries	159,666	18,122	177,788	136,189
National insurance	16,068	1,601	17,669	12,690
Pension cost	8,354	946	9,300	6,708
	224,301	30,447	254,748	155,587
<i>Total 2018</i>	<i>152,015</i>	<i>3,572</i>	<i>155,587</i>	

Inquiry costs relate to costs incurred in relation to the Scottish Child Abuse Inquiry.

11. GOVERNANCE COSTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Auditors' remuneration	9,737	-	-	9,737	10,217
Corporation tax services	-	-	-	-	330
Professional fees	20,396	-	-	20,396	16,187
Trustee expenses	208	-	-	208	-
	30,341	-	-	30,341	26,734

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	153,255	151,663
Auditors' remuneration (net of VAT)	7,837	7,750
	<u>161,092</u>	<u>159,413</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, one Trustees (2018 - £NIL) received reimbursement of expenses amounting to £208 (2018 - £NIL).

Amounts due to Trustees at the 31 March 2019 amounted to £40 (2018 - £NIL).

Transactions with Trustees

During the year, fees for architectural services of £9,643 (2018 - £14,077) were paid to Ian Forbes, Chartered Architect which includes services pro bono.

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13. STAFF COSTS

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,768,374	3,494,923
Social security costs	345,230	313,904
Other pension costs (Note 14)	257,683	237,164
	<u>4,371,287</u>	<u>4,045,991</u>

In addition to the above noted pension costs the charity has made pension deficit contributions of £112,000 (2018 - £109,133) 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:

	2019 No.	2018 No.
Education staff	30	29
Care staff	86	81
Domestic staff	17	17
Administrative staff	16	14
Estate staff	5	5
	<u>154</u>	<u>146</u>

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	0	1

Total pension costs to higher paid employees amounted to £5,946 (2018 - £11,525) 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 £383,417 (2018 - £428,721).

Included in the staff costs and key management personnel remuneration above is £Nil (2018 - £66,994) of ex gratia payments made in the year as a result of organisational change.

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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 2016. The next valuation will be as at 31 March 2020.

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 22.4% from 1 April 2019 which is an increase on the previous rate of 17.2%. While the employee rate applied is a variable, it will provide an actuarial yield of 9.5% 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 4.3% of employer's pension contributions for fifteen years from 1 September 2019. This contribution is included in the 23% 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 102 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 with an effective date of 30 September 2017. This actuarial valuation was certified on 19 December 2018 and showed assets of £120m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the Trustees and the participating Employers have agreed that additional contributions will be paid in combination from all employers to the scheme as follows:

Defined Contributions

From 1 April 2019 to 30 September 2026	£1.5m per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2019 to 31 March 2024	£82,000 per annum (payable monthly and increasing by 3% each on 1 April)

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 2014; this valuation showed assets of £88.2m, liabilities of £122.1m and a deficit of £33.9m. 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)

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.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

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Defined contribution schedule

Year ending	31 March 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)
Year 1	104	112	109
Year 2	108	116	112
Year 3	111	119	116
Year 4	114	123	119
Year 5	118	127	123
Year 6	121	130	127
Year 7	125	134	130
Year 8	64	138	134
Year 9	-	142	138
Year 10	-	147	142
Year 11	-	151	147
Year 12	-	91	151
Year 13	-	-	91
Year 14	-	-	-
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 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)
Present value of provision	818	1,359	1,463

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Reconciliation of opening and closing provisions

	Period ending 31 March 2019 (£000s)	Period ending 31 March 2018 (£000s)
Provision at start of period	1,359	1,463
Unwinding of the discount factor (interest expense)	26	25
Deficit contribution paid	(112)	(109)
Remeasurements - impact of any change in assumptions	16	(20)
Remeasurements - amendments to the contribution schedule	(471)	-
Provision at end of period	818	1,359

Income and Expenditure impact

	Period ending 31 March 2019 (£000s)	Period ending 31 March 2018 (£000s)
Interest expense	26	25
Remeasurements - impact of any change in assumptions	16	(20)
Remeasurements - amendments to the contribution schedule	(471)	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	(5)

*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 2019 % per annum	31 March 2018 % per annum	31 March 2017 % per annum
Rate of discount	1.46	2.01	1.76

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
FOR THE YEAR ENDED 31 MARCH 2019**

15. TANGIBLE FIXED ASSETS

	Heritable property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 April 2018	5,302,303	2,640	158,598	810,941	6,274,482
Additions	155,814	8,231	7,700	42,759	214,504
Disposals	-	-	(15,650)	-	(15,650)
At 31 March 2019	<u>5,458,117</u>	<u>10,871</u>	<u>150,648</u>	<u>853,700</u>	<u>6,473,336</u>
Depreciation					
At 1 April 2018	440,895	605	158,598	727,154	1,327,252
Charge for the year	107,453	1,860	642	43,300	153,255
On disposals	-	-	(15,650)	-	(15,650)
At 31 March 2019	<u>548,348</u>	<u>2,465</u>	<u>143,590</u>	<u>770,454</u>	<u>1,464,857</u>
Net book value					
At 31 March 2019	<u><u>4,909,769</u></u>	<u><u>8,406</u></u>	<u><u>7,058</u></u>	<u><u>83,246</u></u>	<u><u>5,008,479</u></u>
At 31 March 2018	<u><u>4,861,408</u></u>	<u><u>2,035</u></u>	<u><u>-</u></u>	<u><u>83,787</u></u>	<u><u>4,947,230</u></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 £11,094,571 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
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16. FIXED ASSET INVESTMENTS

	Listed securities £	Unlisted securities £	Trade investments £	Total £
Market value				
At 1 April 2018	678,613	2,207	2	680,822
Additions	142,661	169,614	-	312,275
Disposals	(156,831)	(149,639)	-	(306,470)
Revaluations	25,944	-	-	25,944
At 31 March 2019	690,387	22,182	2	712,571
Historical cost	604,975	22,182	-	627,157

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 2019 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 £	2019 £	2018 £
Listed investments	439,773	250,614	690,387	678,613
Other fixed asset investments	22,182	-	22,182	2,207
Group	2	-	2	2
Total market value	461,957	250,614	712,571	680,822

17. STOCKS

	2019 £	2018 £
Kitchen	2,012	1,999

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NOTES TO THE FINANCIAL STATEMENTS
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18. DEBTORS

	2019 £	2018 £
Trade debtors	1,328,623	314,024
Other debtors	6,068	1,913
Prepayments and accrued income	84,280	34,176
	<u>1,418,971</u>	<u>350,113</u>

19. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	64,076	59,152
Amounts owed to group undertakings	2	2
Other taxation and social security	142,682	82,063
Amount due to pension funds	37,845	29,324
Other creditors	-	6,930
Accruals and deferred income	82,480	43,447
	<u>327,085</u>	<u>220,918</u>

Deferred income

Deferred income at 1 April 2018	8,414
Resources deferred during the year	5,553
Amounts released from previous years	<u>(8,414)</u>
Deferred income at 31 March 2019	<u>5,553</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 2019/20.

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NOTES TO THE FINANCIAL STATEMENTS
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20. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Financial assets measured at fair value through income and expenditure	712,571	680,822
Financial assets measured at amortised cost	704,670	1,660,556
	<u>1,417,241</u>	<u>2,341,378</u>
Financial liabilities measured at fair value through income and expenditure	818,000	1,359,000
Financial liabilities measured at amortised cost	146,557	109,529
	<u>964,557</u>	<u>1,468,529</u>

Financial assets measured at fair value through income and expenditure comprise fixed asset investments.

Financial assets measured at amortised cost comprise cash at bank and in hand, accrued income and other debtors.

Financial liabilities measured at fair value through income and expenditure comprise defined benefit pension scheme liability.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds						
Capital Fund	3,067,614	-	(90,373)	148,117	-	3,125,358
Learning for Life Appeal Fund	107,181	-	-	-	-	107,181
	<u>3,174,795</u>	<u>-</u>	<u>(90,373)</u>	<u>148,117</u>	<u>-</u>	<u>3,232,539</u>
General funds						
General Funds	2,688,585	5,157,615	(5,102,040)	(63,492)	(463)	2,680,205
Revaluation Reserve - Property	1,395,887	-	-	(30,345)	-	1,365,542
Revaluation reserve - Investments	77,812	-	-	(18,163)	25,944	85,593
Pension reserve	(1,359,000)	-	(26,000)	112,000	455,000	(818,000)
	<u>2,803,284</u>	<u>5,157,615</u>	<u>(5,128,040)</u>	<u>-</u>	<u>480,481</u>	<u>3,313,340</u>
Total Unrestricted funds	<u>5,978,079</u>	<u>5,157,615</u>	<u>(5,218,413)</u>	<u>148,117</u>	<u>480,481</u>	<u>6,545,879</u>
Endowment funds						
Permanent Endowment Fund	<u>38,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,401</u>
Restricted funds						
Skatepark Fund	148	-	-	(148)	-	-
Erasmus+ Fund	11,055	-	(1,246)	-	-	9,809
Pupil Equity Fund	10,606	28,800	(12,571)	-	-	26,835
Scottish Government - Capital Grant	-	20,600	(40)	(20,560)	-	-
Learning for Life Appeal Fund	-	231,001	(71,856)	(127,409)	-	31,736
Scottish Government - Transition Grant	-	4,875	(4,875)	-	-	-
	<u>21,809</u>	<u>285,276</u>	<u>(90,588)</u>	<u>(148,117)</u>	<u>-</u>	<u>68,380</u>
Total of funds	<u>6,038,289</u>	<u>5,442,891</u>	<u>(5,309,001)</u>	<u>-</u>	<u>480,481</u>	<u>6,652,660</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR 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>
Permanent Endowment Fund	<u>38,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,401</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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>

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
Designated funds	3,174,795	-	(90,373)	148,117	-	3,232,539
General funds	2,803,284	5,157,615	(5,128,040)	-	480,481	3,313,340
	<u>5,978,079</u>	<u>5,157,615</u>	<u>(5,218,413)</u>	<u>148,117</u>	<u>480,481</u>	<u>6,545,879</u>
Endowment funds	38,401	-	-	-	-	38,401
Restricted funds	21,809	285,276	(90,588)	(148,117)	-	68,380
	<u>6,038,289</u>	<u>5,442,891</u>	<u>(5,309,001)</u>	<u>-</u>	<u>480,481</u>	<u>6,652,660</u>

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

SUMMARY OF FUNDS - PRIOR YEAR

	<i>Balance at 1 April 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2018</i>
	£	£	£	£	£	£
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>

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 and Scottish Government Capital grant restricted funds.

Learning for Life Appeal Fund

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

Endowment Funds

Permanent Endowment Fund

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

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

21. STATEMENT OF FUNDS (continued)

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.

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, some funds raised were 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.

Transitional Fund

Grant funding from Scottish Government for the review of information communications technology provision and to support the development of the workforce development centre.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Tangible fixed assets	4,970,078	-	38,401	5,008,479
Fixed asset investments	712,571	-	-	712,571
Current assets	2,008,316	68,380	-	2,076,696
Creditors due within one year	(327,086)	-	-	(327,086)
Provisions for liabilities and charges	(818,000)	-	-	(818,000)
	<u>6,545,879</u>	<u>68,380</u>	<u>38,401</u>	<u>6,652,660</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR 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>

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	159,371	(23,095)
Adjustment for:		
Depreciation charges	153,255	151,663
Gains on investments	(25,481)	(5,202)
Dividends, interest and rents from investments	(15,972)	(19,459)
Increase in debtors	(1,068,858)	(98,897)
Increase in creditors	106,167	16,416
Increase in stock	(13)	(1,999)
Defined benefit pension - unwinding of discount factor	26,000	25,000
Defined benefit pension - deficit contributions	(112,000)	(109,000)
Net cash used in operating activities	<u>(777,531)</u>	<u>(64,573)</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	444,858	529,304
Notice deposits (less than 3 months)	210,854	1,108,739
Total	<u>655,712</u>	<u>1,638,043</u>

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 2018 was £4,793,743 (2017 - £6,569,031).

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 2018 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.