MERCHISTON CASTLE SCHOOL
(COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2024

Company Registration Number: SC014265
Scottish Charity Number: SC016580

MERCHISTON CASTLE SCHOOL

REFERENCE AND ADMINISTRATIVE INFORMATION
Year ended 31 July 2024

Chairman	G T G Baird HND FRAgS
Governors	Dr A Connan MBBS MRCGP FSRH MIPM (resigned 28/08/24) Dr R A Deans R S Elliott Dr K M Greig N M Judd I B McCarlie N F Mitchell BA CTA R B Cook (appointed 18/03/2025) A W Marshall (appointed 18/03/2025) J H McKean (appointed 18/03/2025)
Merchistonian Club President	A McDonald
Headmaster	J Anderson BA
Secretary / Bursar	P C Axon BEng
Auditors	Saffery LLP
Solicitors	Anderson Strathern LLP Gillespie Macandrew
Bankers	Bank of Scotland
Insurance Broker	Marsh Brokers Limited
Investment Manager	Rathbone Investment Management
Registered Office and Principal Address	294 Colinton Road, Edinburgh, EH13 0PU
Website:	www.merchiston.co.uk
Scottish Charity Number	SC016580

MERCHISTON CASTLE SCHOOL

CONTENTS
Year ended 31 July 2024

	Page
Annual Report (incorporating the Strategic Report and the Governors' Report)	1 - 11
Independent Auditor's Report	12 - 16
Group Income and Expenditure Account	17
Group Statement of Financial Activities	18
Charitable Company Statement of Financial Activities	19
Group Balance Sheet	20
Charitable Company Balance Sheet	21
Statement of Cash Flows and consolidated Cash Flow	22
Notes to the Financial Statements	23 – 43

MERCHISTON CASTLE SCHOOL

ANNUAL REPORT (INCORPORATING THE STRATEGIC REPORT AND THE GOVERNORS' REPORT)
For the year ended 31 July 2024

The Governors, who are trustees for the purposes of charity law and directors for the purposes of company law, present their Annual Report on the affairs of the Company together with the financial statements and auditor's report for the year ended 31 July 2024. This report is also the Strategic Report and the Directors' Report for purposes of the Companies Act.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Merchiston Castle School is a Company limited by guarantee, governed by its Articles of Association dated 1926 as subsequently amended.

There are 182 (2023 – 183) members who are obliged to guarantee payment of £1 in the event that the Company was to go into liquidation. A list of members is available from the registered office.

Board of Governors

The Board consists of a maximum of eighteen Governors, of whom at least one third must be former pupils of the School. Five current Governors have had sons at the School. The present Governors are as listed and have held office during the whole of the period from 1 August 2023 to the date of this Report, unless otherwise stated.

Governors' Responsibilities Statement

The Governors (who are trustees for the purposes of charity law and directors of the Charitable Company for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group and the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the group and the Charitable Company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governors' Responsibilities Statement (continued)
The Governors have overall responsibility for the preparation of the financial statements but have delegated this function to the Finance and General Purposes Committee in conjunction with the Secretary/Bursar.

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

Statement of Disclosure to the Auditors
The Governors make this statement of disclosure to the auditors:

- so far as the Governors are aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Governors have taken all the steps which they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Recruitment, Appointment, Induction and Training of Governors
Governors are identified and chosen by the Nominations Committee and are proposed to the full Governors' meeting. Candidates are selected based on eligibility, personal competence and professional skills which can benefit the Company, as well as local availability. New Governors are inducted into the workings of the Company at briefing sessions held with the Chairman, the Headmaster and the Secretary/Bursar. These sessions cover educational and business matters and include a familiarisation tour of the School's facilities. Governors are issued with extensive background material together with the Independent Schools Council's Guidelines for Governors and the Guidelines for Governors issued by the Association of Governing Bodies of Independent Schools.

Governors are encouraged to attend training sessions organised for the education sector. During the year, Governors attended meetings organised by the Scottish Council of Independent Schools and the Association of Governing Bodies of Independent Schools.

All Governors receive Safeguarding training and updates on at least an annual basis from the School's Child Protection Co-Ordinator. The Prevent Duty in England, Scotland and Wales came into force on 1 July 2015. This covers Independent and Grant-aided Schools, with a duty "to prevent people from being drawn into terrorism" falling on governance of individual schools.

Organisational Management
The full Board of Governors meets three times during the year. Certain aspects of the Company's business are delegated to the following sub-committees on which the Headmaster, Company Secretary/Bursar and other senior staff sit as appropriate:

- ***Finance & General Purposes*** (meets four times during the year) – NF Mitchell (Chairman), GTG Baird, RS Elliot, NM Judd.
- ***Education*** (meets three times during the year) – KM Greig (Chairman) and RA Deans.
- ***Wellbeing & Compliance*** – IB McCarlie (Chairman) and RA Deans.
- ***Health & Safety*** – RS Elliot.
- ***Nominations*** – GTG Baird.

Organisational Management (continued)

The Headmaster is appointed by the Governors to manage the day to day operations of the School. In order to facilitate effective operations, the Headmaster and the Secretary/Bursar have delegated authority within terms approved by the Governors for operational matters including educational, finance and employment matters.

Group Structure and Relationships

The School has a trading company (Merchiston Enterprises Limited) which is a company limited by guarantee. Merchiston Enterprises Limited uses facilities owned by the School for letting and promotional events, and up to 30 April 2024 ran the School Shop to the benefit of the Charity.

The School also has a trading company (Merchiston International Limited) which is a company limited by shares. Merchiston International Limited services international franchises to promote the Merchiston Castle School ethos and unique educational experience.

Merchiston benefits from the generosity of a thriving network of friends and former pupils whose close interest and support we greatly appreciate and gladly acknowledge.

Risk Management

A regular review of the risks facing the Company and of the controls in place to mitigate these risks is undertaken by the appropriate sub-committees and the full Board.

The key controls used by the Company include:

- formal agendas and minutes of Board and committee meetings;
- detailed terms of reference for committees;
- comprehensive strategic planning, budgeting and management accounting;
- established organisational structure and lines of reporting;
- formal written policies; and
- clear authorisation and approval levels.

Through the risk management processes established for the Company, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

Charitable Objects

The Charity's principal object, as set out in its Articles of Association, is the advancement of education.

Objectives, Aims and Intended Impact

Our Mission is: *"to provide a caring community for your son, which treats him as an individual, unearths and tends his talents, encourages him to pursue excellence in all he does, and enables him to flourish.*

Objectives, Aims and Intended Impact (continued)

We aim to ensure that your son:

- *Acquires the confidence and leadership skills to succeed in a dynamic and global world, and to strive for the highest standards;*
- *Balances modesty and confidence;*
- *Becomes an enthusiastic and curious learner achieving excellence in all he does;*
- *Develops compassion, respect for others and integrity;*
- *Discovers and embraces all the opportunities on offer to develop his talents;*
- *Enjoys a sense of happiness and fulfilment;*
- *Learns tolerance and responsibility;*
- *Understands the needs of others within and beyond our community."*

Our mission is to set the standard for an education that is tailored to meet the needs of every individual that readies them to be balanced, adaptable and imaginative citizens, who will seize the opportunities to make their unique impact on the world.

We seek to ensure, therefore, that each pupil who comes to Merchiston realises his full potential, learns new skills and leaves as a courteous, confident, employable and well-rounded individual, with a secure foundation for the journey of life ahead. In this respect, the School fully endorses the key focus of the Scottish Government policy document "A Curriculum for Excellence" in promoting and developing the following key capacities in young people in helping them to become:

- successful learners;
- confident individuals;
- responsible citizens; and
- effective contributors to society.

Strategic Objectives for the Year

The Strategic Objectives agreed in June 2019 continued to inform the School Development Plan. The key themes were as follows:

- Grow the pupil roll;
- Maintain excellence in the classroom and beyond;
- Secure the future of Merchiston Juniors in a declining market;
- Enhance the VI Form experience;
- Improve and enhance the School environment and facilities;
- Develop and maintain links with key stakeholders and community partners;

We continued to monitor academic standards against external public examinations and independent value-added criteria, and the evaluation of these aspects help to inform school improvement planning.

The principal financial objective is to produce an annual surplus which is adequate to meet the future needs of the School in terms of investment and maintenance of the campus. The budget surplus is calculated following careful consideration, and seeks to treat both our fee-paying parents and staff fairly.

Strategies to Achieve the Year's Objectives

Ongoing academic achievement is a continual process and is the result of:

- regular review of the academic programme and the performance of staff and pupils within this framework, with a view to offering the most appropriate range of subjects at all levels in the School;
- the commitment of appropriate resources to academic departments and co-curricular activities;
- the continued development of effective pedagogy, driven by an increasing focus on ensuring that Professional Learning for teachers is focused on positive impact for students.

The School Improvement Plan is an important tool used to audit the School's performance and priorities. The SIP reflects on feedback from the previous academic year and sets out the Merchiston development themes for the current academic year, which were, and are:

- Faculty development – leveraging this structure to maximise outcomes for students
- Universal support for learning – **all pupils** are supported/challenged to achieve their full potential

Principal Activities Employed in Pursuit of these Objectives

The School remains committed to offering a well-rounded education, with pupils achieving highly both academically and in co-curricular pursuits. Academic rigour and curiosity have been upheld, and we are proud to see our students thriving. Equally, the School continues to emphasise strong values, ensuring that boys leave Merchiston not only as successful learners but also as confident, empathetic, and grounded individuals with a deep sense of integrity and character.

Collaboration with other schools through co-curricular activities (in particular St George's, Edinburgh) play a vital role in delivering a holistic education, enriching the experiences and shaping the minds of our young people.

The School was awarded the Gold standard in the UNICEF Rights Respecting Award programme and has gone on to use this as a platform to spread the positive behaviours associated with it both in School and beyond, inviting local Edinburgh Schools to Merchiston to participate in our now-annual Rights Respecting Conference.

Policy on Means-Tested Assistance and Access

Merchiston Castle School offers financial assistance by means of a Bursary Fund designed to enable any child to have access to a Merchiston education, irrespective of financial circumstances. All Bursary awards are means-tested and require a financial statement from parents. A range of factors is considered in making the awards, and as a result, the number and size of Bursaries can vary considerably. Bursary awards may be up to 100% fee remission. Bursary awards are intended to facilitate access both for new pupils and also to assist existing pupils where there has been a significant change in financial circumstance which threatens the pupil's continued education at Merchiston.

Full details are published on the School's website:
www.merchiston.co.uk/admissions/financial-support

ACHIEVEMENTS AND PERFORMANCE

Care and welfare of pupils

The Pupil Support Leadership Team (PSLT) comprises the Deputy Head Wellbeing (Child Protection Co-ordinator), Assistant Head Pupil Support (Deputy Child Protection Co-ordinator), Chaplain, School Counsellor and Senior Charge Nurse and meets weekly to discuss all aspects of pupil wellbeing. All PSLT members also meet regularly with House Parents, both collectively and individually, to ensure parity of provision across the School.

Around every pupil there is a House Parent, Deputy House Parent / Assistant House Parent, Tutor and a team of Prefects, resident staff and Resident Tutors whose roles are to safeguard each pupil's welfare whilst at School.

There is regular contact between the PSLT and the nominated Child Protection Liaison Governor, ensuring consistent scrutiny of processes and appropriate challenge.

The Medical Centre is staffed by a well-qualified and dedicated team of 3 nurses which provides first-class care for pupils' physical and mental health needs. A visiting physiotherapist and weekly GP surgeries complete the medical provision.

There is a fully qualified School Counsellor, who offers individual support sessions to pupils of all ages as relevant.

All staff undertake regular Child Protection training relevant to their role and receive termly Child Protection updates from the Child Protection Co-ordinator and Deputy Child Protection Co-ordinator.

Merchiston also runs a detailed Personal, Social and Health Education (PSHE) programme appropriate to each year group within the curriculum.

The School maintains a positive and productive relationship with the Care Inspectorate and Education Scotland and has on-going engagement with our link inspector, in addition to local Police and statutory bodies such as the Scottish Social Services Council.

Feedback from pupils is a crucial part of the School's wellbeing provision, and Pupil Voice committees and termly surveys are the principal mechanisms for managing this.

We are a Rights Respecting School, accredited to Gold level, with the principles of the UNCRC firmly embedded in our practice.

In line with Merchiston's policy to engage fully with our Duty of Candour responsibilities, an annual report is available on the School website. In the year 01 April 2023 – 31 March 2024, there were no incidents involving the Duty of Candour.

Operational Performance of the School

The academic year ended with 347 pupils (190 boarders and 157 day pupils). The ongoing issue of affordability remains a concern and the imminent imposition of VAT on School fees will only exacerbate this issue across the sector, making recruitment and retention a significant challenge. Aligned to this is the cooling down of several key overseas markets; a trend that has been seen across the sector since the pandemic years.

A full diet of external examinations ran, and the outcomes were positive and hard earned. The overall pass-rate for A Level examinations was 100%, and an impressive 59% of grades were A*, A and B grades. 92% of pupils gained grades which enabled them to accept the offers at their first (83%) or second choice of university.

The 9-4 grade pass-rate for GCSE examinations was 90%, of which 26% of grades were at 9/8, and 48% of grades were at 9/8/7.

The school continues to focus on adding value to the education of our students and, although this has been more challenging to measure in the post-pandemic context, this is something which we will now be able to determine more fully as we move forward.

Drama is running at full strength with 2 full-scale collaborative performances with our sister school, St George's School for Girls.

The Chapel Choir, Close Harmony Group, Orchestra, Jazz Band and Wind, String and Brass Ensembles continue to rehearse and perform regularly and we have seen a full calendar of both small- and large-scale concerts. The Pipe Band is increasingly active and has a number of upcoming competitions and events (including the World Championships for the first time in the school's history) and is increasingly being invited to play for major events such as international rugby and curling fixtures and professional concerts.

School Trips have gone to Costa Rica, Italy, Switzerland, Austria, Iceland and South Africa, alongside a full diet of domestic field and sporting trips.

We have had success in UK Maths competitions with 45 boys taking part in the UKMT Senior Mathematical Challenge. Six of these students did well enough to go on and take part in the British Maths Olympiad. Science Olympiads and Design based competitions are thriving, and we have taken part in several: this area continued to grow under the leadership of our newly appointed Head of Faculty – Technologies and Creative Arts.

A full fixture list has been played in a variety of competitive sports, with particular success in rugby (Scottish U18 Cup runners-up), tennis and golf.

Fundraising Performance
A total of £4,136 was raised for the Bursary Fund, which continued to raise funds for financial assistance. In addition, £772 was raised for the Sports & Leisure Appeal, to assist with extending and improving the leisure facilities available to the pupils. We wish to thank those whose contributions have enabled a number of pupils to attend Merchiston and helped us improve the School environment.

Investment Performance
During the year, the fixed asset investment portfolio increased in value by 11.6%. Included within Investments are additions totalling £2,000,000 which are considered current asset investments.

Our trading subsidiaries achieved the following financial results in the year: Merchiston Enterprises Limited achieved a surplus on ordinary activities of £21,242 (2023 – deficit of £33,861 as restated), which was used to donate £44,000 (2023 - £Nil) to the School; Merchiston International Limited reported a surplus on ordinary activities of £180,817 (2023 – £166,542 as restated), which was used to donate £353,802 to the school (2023 - £Nil).

PUBLIC BENEFIT

The Curriculum and Co-curricular Activities
We had 12 markers/examiners/moderators/paper-setters for the Assessment and Qualifications Alliance (AQA); Edexcel; Scottish Qualifications Authority (SQA); and Oxford, Cambridge and RSA Examinations (OCR).

Our Mandarin specialist works with SQA as Principal Assessor, Deputy Principal Verifier and Visiting Assessor for Higher and Advanced Higher Chinese courses; she is also an Associate Tutor with the Edinburgh University PGDE programme and Governor at the Alba Cathy Chinese School in Edinburgh.

Our Deputy Head Learning and Teaching continues in his role as Associate Assessor with Education Scotland, and has been involved in development of new inspection frameworks.

Means Tested Assistance and Access
Merchiston Castle School is not a wealthy school in terms of endowments provided by previous generations of Merchistonians. However, it is able to offer financial assistance by means of a Bursary Fund designed to enable any child to have access to a Merchiston education, irrespective of their financial circumstances. All Bursary awards are means-tested and require a financial statement from parents. A range of factors is considered in making the awards, and as a result, the number and size of Bursaries can vary considerably. Bursary awards may be up to 100% fee remission. Bursary awards are intended to facilitate access both for new pupils and also to assist existing pupils where there has been a significant change in financial circumstance which threatens the pupil's continued education at Merchiston.

Full details are published on the School's website:
www.merchiston.co.uk/admissions/financial-support

Means Tested Assistance and Access (Continued)
During the year, 131 pupils (2023 – 94 pupils) or 37.3% (2023 – 24.7%) of the School roll received a Bursary or other fee remission, which includes 1 pupil who received support from the Royal National Children's SpringBoard Foundation. 1 pupil is in receipt of an Education Maintenance Allowance (EMA).

The value of means-tested Bursaries awarded in academic year 2023-24 amounted to £590.8k, which is 5.0% of gross fee income. Other forms of non-means-tested assistance were also awarded during the academic year, including sibling and staff discounts. In total these awards amounted to £290.7k (2.5% of gross fee income).

Pupil numbers
The average number of pupils in the School for the year was 351.

	Boarding	Day	TOTAL
Junior	22	50	**72**
Senior	173	106	**279**
TOTAL	**195**	**156**	**351**

Fees
The following termly fees were charged during 2023/24:

	Boarding	Day
J4, J5, and First Form	£8,260	£5,730
Second and Third Form	£9,610	£6,480
Senior	£13,440	£9,750

Charitable Giving and Fundraising
Over £30,835 was raised by the School for charity. The full listing of Merchiston's charitable donations is published on the website.

Merchiston Community Service
The Community Service programme is operating at full strength, with all LVI pupils taking on a weekly commitment to 3 local primary schools: Braidburn, Longstone and Sighthill, and working with a total of around 600 children.

Use of facilities by the local community and school-age children
4 local groups/charities have made use of our facilities free-of-charge for meetings, talks, rehearsals and concerts: Colinton Community Choir, The Colinton Conservation Trust, The Colinton Amenity Association, and The Friends of the Pentlands.

Our indoor tennis centre is made accessible to East of Scotland Tennis, helping the game develop in the region by extending coaching to a broader range of participants, and our Astro is regularly used by Edinburgh Hockey club and other local teams.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Group's operating surplus excluding donations and legacies for the year was £146,395 (2023 – £457,001 as restated). The Group's overall surplus for the year was £490,870 (2023 – £543,046 as restated). At the year end, there were net current assets of £1,579,805 (2023 – £2,560,940 as restated) and net liquid funds of £2,683,235 (2023 - £3,890,563). The Group has sufficient working capital by way of cash to ensure that the School can continue to operate effectively.

Funds continue to be made available for the refurbishment of other areas of the School, with capital expenditure during the year being £2,264,597 (2023 – £4,607,685).

Investment Policy and Objectives

Our investment portfolio is managed to achieve a balance, focused on overall return and long-term growth in both income and capital. The principal activity of Merchiston Enterprises Limited continues to be to promote the interests and welfare of the School. The principal activity of Merchiston International Limited is to promote the Merchiston Castle School ethos and unique educational experience abroad.

Reserves Policy

The Group's total reserves stood at £19,664,834 (2023 - £19,173,964 as restated) at the year end, which are held for the furtherance of the Group's charitable aims. The Group's policies are to strengthen its reserves through strict budgeting and financial processes and that the need for day to day working capital is met by these reserves.

At the same time, the Board is committed to reinvest operational surpluses into School improvements to ensure our buildings, facilities and educational needs meet the requirements of a first-rate independent boys' boarding school.

The level of the Group's reserves will continue to be closely monitored.

Please refer to the going concern accounting policy note on page 23 for additional detail on the Governors consideration of going concern.

Key Risks

The Governors' are mindful of the risks facing the independent school sector. In particular, the removal of the VAT exemption on private school fees from 1 January 2025 is a key risk which may impact on the affordability of private schooling. Further, the increase in the National Insurance contributions and National Living Wage from April 2025 have increased the payroll cost base of the School.

The School has received notification of claims for unspecified damages in respect of alleged historic abuse. If any claim was successful, it is difficult to determine the financial extent to which the School could be liable or the timing of any possible outflows.

FUTURE PLANS

The emphasis of future plans remains on the delivery of **excellence**, but **sustainability** of the School in an increasingly challenging landscape has become the critical priority.

The key areas of development remain as follows:

- **Sustainability** – reshaping of the School's education offering to allow greater opportunity for pupil recruitment from a wider socioeconomic base, as well as retaining those students for whom changing circumstances beyond independent Schools' control have made fee-paying education difficult to afford. In addition, ensure that the School has done what it can to maximise the income from its assets in the protection and promotion of its core educational aims.
- **Educational excellence** – ongoing development of the Faculty structure and our approaches to universal support to allow the successful delivery of the very best in academic, co-curricular and character education;
- **Future Growth** – The new co-educational Forest Nursery and Junior School offering will open on August 2024, reshaping the educational ethos of our Junior School provision and providing an experience for children and their families that is genuine point of difference in what is a competitive market.

Huw Jones will join Merchiston Castle School in August 2025, taking on the leadership of Merchiston Castle School at a time of exciting momentum. He brings with him over 20 years of experience in education, most recently as Deputy Head at Warminster School in Wiltshire. As a firm believer in holistic excellence, Huw is passionate about ensuring young people leave school not only with strong academic results, but with the confidence, compassion and resilience to thrive in the world beyond. The Board is confident that Huw brings the clarity of vision, warmth, and thoughtful approach that will serve the school well in the years ahead, and he has already begun working closely with Jonathan Anderson to ensure a smooth and supportive handover.

Approved by the Board of Governors and signed on behalf of the Board by:

PC Axon, Secretary
MERCHISTON CASTLE SCHOOL

29 April 2025

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Opinion

We have audited the financial statements of Merchiston Castle School (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise the group income and expenditure account, the group and parent charitable company statement of financial activities, the group and parent charitable company balance sheet, the group and parent charitable company statement of cashflows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and the parent charitable company as at 31 July 2024 and of the group's 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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' Annual Report which includes the Director's Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Trustees' Annual Report which includes the Director's Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic 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) require us to report to you if, in our opinion:

- proper and adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent charitable company's 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 1, the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and 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 group or the parent charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the group and parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charitable company by discussions with trustees and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Office of the Scottish Charity Regulator.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS AND GOVERNORS OF MERCHISTON CASTLE SCHOOL

Use of our report

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the parent 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 parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

29 April 2025

Kenneth McDowell
Senior Statutory Auditor

For and on behalf of Saffery LLP

Statutory Auditors

9 Haymarket Square
Edinburgh
EH3 8RY

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

MERCHISTON CASTLE SCHOOL

GROUP INCOME AND EXPENDITURE ACCOUNT
For the Year ended 31 July 2024

	Notes	2024	2023 as restated
		£	£
Income			
School fees	2	11,571,862	11,410,710
Donations and legacies	2	285,574	90,322
Investment income	2	67,364	67,251
Rental and other income	2	907,075	770,839
Total income		12,831,875	12,339,122
Expenditure			
Staff costs	4	6,017,815	5,824,499
Other external charges	6	6,365,470	5,959,624
Interest and charges	7	16,621	7,676
Total expenditure	9	12,399,906	11,791,799
Operating surplus for the year		431,969	547,323
Realised and unrealised gain/(loss) on investments	10	58,901	(4,277)
Retained surplus for the year		490,870	543,046

MERCHISTON CASTLE SCHOOL

GROUP STATEMENT OF FINANCIAL ACTIVITIES
For the Year ended 31 July 2024

	Notes	Unrestricted Funds 2024	Restricted Funds 2024	Total Funds 2024	Total Funds 2023 as restated
		£	£	£	£
Income and endowments from:					
Donations, grants and legacies	2	276,429	9,145	285,574	90,322
Charitable activities	2	12,242,336	-	12,242,336	11,860,100
Other trading activities	2	236,601	-	236,601	321,449
Investments	2	67,364	-	67,364	67,251
Total incoming resources	2	12,822,730	9,145	12,831,875	12,339,122
Expenditure on:					
Raising funds	9	38,052	-	38,052	189,803
Charitable activities	9	12,283,096	78,758	12,361,854	11,601,996
Total resources expended	9	12,321,148	78,758	12,399,906	11,791,799
Net income before gains and losses		501,582	(69,613)	431,969	547,323
Net gain/(loss) on investments	10	58,901	-	58,901	(4,277)
Net incoming resources before transfers		560,483	(69,613)	490,870	543,046
Transfers between funds	18	388	(388)	-	-
Net movement in funds		560,871	(70,001)	490,870	543,046
Reconciliation of funds:					
Fund balances at 1 August 2023 (as restated)		18,286,065	887,899	19,173,964	18,630,918
Fund balances at 31 July 2024		18,846,936	817,898	19,664,834	19,173,964

The group Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing operations.

MERCHISTON CASTLE SCHOOL

CHARITABLE COMPANY STATEMENT OF FINANCIAL ACTIVITIES
For the Year ended 31 July 2024

	Notes	Unrestricted Funds 2024	Restricted Funds 2024	Total Funds 2024	Total Funds 2023 as restated
		£	£	£	£
Income and endowments from:					
Donations, grants and legacies	2	674,231	9,145	683,376	90,322
Charitable activities	2	12,242,436	-	12,242,436	11,860,201
Investments	2	67,326	-	67,326	67,206
Total incoming resources	2	12,983,993	9,145	12,993,138	12,017,729
Expenditure on:					
Raising funds	9	3,571	-	3,571	3,395
Charitable activities	9	12,371,665	78,758	12,450,423	11,599,692
Total resources expended	9	12,375,236	78,758	12,453,994	11,603,087
Net income before gains and losses		608,757	(69,613)	539,144	414,642
Net gain/(loss) on investments	10	58,901	-	58,901	(4,277)
Net incoming resources before transfers		667,658	(69,613)	598,045	410,365
Transfers between funds	18	388	(388)	-	-
Net movement in funds		668,046	(70,001)	598,045	410,365
Reconciliation of funds:					
Fund balances at 1 August 2023 (as restated)		17,929,428	887,899	18,817,327	18,406,962
Fund balances at 31 July 2024		18,597,474	817,898	19,415,372	18,817,327

The charity Statement of Financial Activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing operations.

MERCHISTON CASTLE SCHOOL

GROUP BALANCE SHEET
As at 31 July 2024

	Notes	2024	2023 as restated
		£	£
Fixed Assets			
Tangible assets	11	17,791,872	16,543,847
Investments	12	759,724	680,689
		18,551,596	17,224,536
Current Assets			
Investments	12	2,000,000	-
Stock	14	33,905	41,740
Debtors	15	391,013	491,124
Cash at bank and in hand		2,683,235	3,890,563
		5,108,153	4,423,427
Creditors: Amounts falling due within one year	16	(3,528,348)	(1,862,487)
Net Current Assets		1,579,805	2,560,940
Total Assets less Current Liabilities		20,131,401	19,785,476
Creditors: Amounts falling due after more than one year	17	(466,567)	(611,512)
Net Assets		19,664,834	19,173,964
		£	£
Reserves			
Unrestricted Funds	18	18,490,230	17,988,260
Unrestricted Investment Revaluation	18	356,706	297,805
Total Unrestricted Funds		18,846,936	18,286,065
Restricted Funds	18	817,898	887,899
		19,664,834	19,173,964

These financial statements were approved by the Governors and authorised for issue on 29 April 2025.

G T G Baird Chairman

N F Mitchell Governor

Company Registration Number: SC014265

MERCHISTON CASTLE SCHOOL

CHARITABLE COMPANY BALANCE SHEET
As at 31 July 2024

	Notes	2024	2023 as restated
		£	£
Fixed Assets			
Tangible assets	11	17,791,872	16,632,415
Investments	12	759,725	680,690
		18,551,597	17,313,105
Current Assets			
Investments	12	2,000,000	-
Stock	14	24,690	32,635
Debtors	15	438,829	739,287
Cash at bank and in hand		2,423,034	3,137,663
		4,886,553	3,909,585
Creditors: Amounts falling due within one year	16	(3,556,211)	(1,793,851)
Net Current Assets		1,330,342	2,115,734
Total Assets less Current Liabilities		19,881,939	19,428,839
Creditors: Amounts falling due after more than one year	17	(466,567)	(611,512)
Net Assets		19,415,372	18,817,327
Reserves			
Unrestricted Funds	18	18,240,768	17,631,623
Unrestricted Investment Revaluation	18	356,706	297,805
Total Unrestricted Funds		18,597,474	17,929,428
Restricted Funds	18	817,898	887,899
		19,415,372	18,817,327

These financial statements were approved by the Governors and authorised for issue on 29 April 2025.

G T G Baird Chairman

N F Mitchell Governor

Company Registration Number: SC014265
MERCHISTON CASTLE SCHOOL

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES
For the Year ended 31 July 2024

	Group 2024	Group 2023 as restated	Charity 2024	Charity 2023 as restated
	£	£	£	£
Net movement in funds for the year (as per the SOFA)	490,870	543,046	598,045	410,365
Adjustments for:				
(Gain)/Loss on investments before equalisations	(58,861)	4,352	(58,861)	4,352
Investment income	(67,364)	(67,251)	(67,326)	(67,206)
Loss/(gain) on disposal of fixed assets	-	154,614	-	154,614
Depreciation & impairment	1,016,572	656,756	1,105,140	656,756
Decrease/(increase) in stock	7,835	81,738	7,945	621
Decrease/(increase) in debtors	100,111	(17,951)	300,458	334,999
Increase/(decrease) in creditors due within one year	1,665,861	(181,116)	1,762,360	(509,059)
Increase/(decrease) in creditors due after one year	(144,945)	(108,113)	(144,945)	(108,113)
Net cash inflow from operating activities	3,010,079	1,066,075	3,502,816	877,329

STATEMENT OF CASH FLOWS AND CONSOLIDATED CASH FLOWS
For the Year ended 31 July 2024

	Group 2024	Group 2023 as restated	Charity 2024	Charity 2023 as restated
	£	£	£	£
Cash flows from operating activities:				
Net cash inflow from operating activities	3,010,079	1,066,075	3,502,816	877,329
Cash flows from investing activities:				
Investment income	67,364	67,251	67,326	67,206
Payments to acquire tangible fixed assets	(2,264,597)	(4,607,685)	(2,264,597)	(4,607,685)
Receipts from sale of assets	-	13,999	-	13,999
Receipts from sale of investments	41,400	-	41,400	-
Payments to acquire investments	(2,061,574)	(19,614)	(2,061,574)	(19,614)
Net cash flow used in investing activities	(4,217,407)	(4,546,049)	(4,217,445)	(4,546,094)
Change in cash and cash equivalents in the year	(1,207,328)	(3,479,974)	(714,629)	(3,668,765)
Cash and cash equivalents at the beginning of the year	3,890,563	7,370,537	3,137,663	6,806,428
Cash and cash equivalents at the end of the year	2,683,235	3,890,563	2,423,034	3,137,663

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2024

1 Accounting Policies

Company information

Merchiston Castle School is a private company limited by guarantee incorporated in Scotland. The registered office address is 294 Colinton Road, Colinton, Edinburgh, EH13 0PU.

Basis of financial statements preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Statement of Recommended Practice on Accounting and Reporting by Charities (the Charities SORP (FRS 102)).

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

Going concern

At the date of approval of the financial statements, the Governors consider the charitable company and group to be a going concern and the financial statements have been prepared on this basis.

The future operations of the charitable company and group are dependent on sufficient continued pupil numbers and future operating cashflows to finance ordinary activities. The charitable company and group currently meet day to day working capital requirements through available cash resources including fees received in advance to ensure that the Group and company meet debts when they fall due.

Following the UK government's removal of the VAT exemption for education and boarding services provided by private schools and the resultant impact on fee levels, the School has faced various challenges which it has considered for the assessment of going concern.

The Governors, mindful of the potential impact the introduction of VAT will have on pupil retention and recruitment, have been actively assessing the attendant risk as part of the going concern review. Further, the Governors have also reviewed the impact of the increase in national insurance contributions and other costs as part of their future operating cost assumptions for the forecast period and global turbulence in investment markets.

Against this background, the Governors have reviewed and approved up to date charitable company and group management accounts reflective of current year activity to date and group and charity cashflow projections to July 2026 which include key income and cost assumptions which the Governors consider to be reasonable including ongoing pupil numbers, salaries and operating costs reflective of the information available at the date of approval. As part of this process, the Governors have, as part of their scenario planning, approved a new pricing structure for the School and have approved cost cutting measures if required should pupil numbers fall below forecast levels.

1 **Accounting Policies (continued)**

The Governors have also earmarked and approved certain surplus assets and investments in the short and medium term for realisation to provide additional resources to support the ability for the School to operate as a going concern and the evolving School future strategy.

As noted within note 25, the School has received notification of claims for unspecified damages in respect of alleged historic abuse. The School is also participating in the Scottish Child Abuse Enquiry. If any claim was successful, it is difficult to determine the financial extent to which the School could be liable or the timing of any possible outflows. At the date of approval, the Governors are satisfied with insurance for any possible claims arising or where historical insurance arrangements are less clear that the potential for any associated claim to be remote.

Having considered all of the above matters and taking into consideration the current economic environment, government legislation, the current and forecasted school roll and the cost control and realisation of assets measures available to the School, the Governors are of the opinion that the charitable company and Group can continue to meet its obligations as they fall due for at least 12 months from the date of approval of the financial statements and that there are no material uncertainties in this regard to disclose.

Group financial statements

These financial statements consolidate the results of Merchiston Castle School with Merchiston Enterprises Limited and Merchiston International Limited on a line by line basis. No income and expenditure account is presented for the charitable company as permitted by section 408 of the Companies Act 2006.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charitable company is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations, grants, legacies and similar incoming resources are included in full in the Statement of Financial Activities when received unless they relate specifically to another accounting period.
- Incoming resources from activities for generating funds are accounted for when earned. This includes income from the School's trade which includes the rental and hire of the School buildings and facilities.
- Investment income is included when receivable and is generated from dividends and interest.
- Incoming resources from charitable activities are accounted for when earned and include income generated from school fees and other operating activity income. These are included net of bursaries and scholarships granted by the School.
- Other income is recognised when receivable and includes the rental and hire of the School buildings and facilities for educational purposes and income from the School Shop.

1 **Accounting Policies (continued)**

Resources expended

Expenditure is recognised on an accruals basis when a liability is incurred and it is reported as part of the expenditure to which it relates. The charitable company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT. The following specific policies are applied to particular categories of expenditure:

- Expenditure on charitable activities comprises those costs incurred by the charitable company in the delivery of the charitable activities carried out which meet the objectives of the charitable company. Expenditure on charitable activities includes governance costs which comprise the costs of running the charitable company, including strategic planning for its future development, also external audit, any legal advice for the School Governors and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory financial statements and satisfying public accountability.
- Costs of raising funds include the costs relating to the renting of buildings and facilities and all other direct costs associated to fundraising activities.

Costs are allocated and apportioned between activities based on the nature of the cost incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as the purchase cost of materials. Net realisable value is the amount which it is anticipated would be realised in the normal course of trade after making due allowance for discounts and selling expenses.

Fixed assets and depreciation

Fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Expenditure below £3,000 is not capitalised unless part of a larger project whilst expenditure above this amount will be assessed for capitalisation in line with the school's capitalisation policy.

Depreciation is calculated at the following rates so as to write off the assets over their estimated useful lives.

Land	Nil
Assets under construction	Nil
Buildings	2% - 10% on a straight line basis
Property improvements	5% - 10% on a straight line basis
Furniture and equipment	10% - 25% on a straight line basis
Plant, machinery and motor vehicles	10% - 20% on a straight line basis

Investments

Investments are included at market value at the year end. Net investment gains and losses for the year are shown in the income and expenditure account and statement of financial activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments.

1 **Accounting Policies (continued)**

Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the Governors' are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment recognised in the income and expenditure account.

Financial liabilities

Creditors with no stated interest rate and payable within one year are recorded at transaction price. All interest bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable. After initial recognition they are measured at amortised cost.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the income and expenditure account as they are incurred.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase agreements are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases and hire purchase agreements are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the income and expenditure account over the periods of the lease and hire purchase agreements and represent a constant proportion of the balance of the capital repayments outstanding.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year ended 31 July 2024

1 **Accounting Policies (continued)**

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension Scheme

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

Fund Accounting

Unrestricted funds are available for use at the discretion of the members in furtherance of the general objectives of the charitable company.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year ended 31 July 2024

2. Income

Group

	Year ended 31 July 2024			Year ended 31 July 2023 as restated		
	Unrestricted funds £	Restricted funds £	2024 Total £	Unrestricted funds £	Restricted funds £	2023 Total £
Donations and grants	276,429	9,145	285,574	25,137	62,435	87,572
Fundraising	-	-	-	-	2,750	2,750
Donations, grants and legacies	276,429	9,145	285,574	25,137	65,185	90,322
Gross school fees	12,453,288	-	12,453,288	12,320,377	-	12,320,377
Less: Bursaries, scholarships and allowances	(881,426)	-	(881,426)	(909,667)	-	(909,667)
	11,571,862		11,571,862	11,410,710	-	11,410,710
Other – events/rents/fees	670,474	-	670,474	449,391	-	449,391
Charitable activities	12,242,336	-	12,242,336	11,860,101	-	11,860,101
Trading: Merchiston Enterprises Limited & Merchiston International Limited	236,601	-	236,601	321,449	-	321,449
Other trading activities	236,601	-	236,601	321,449	-	321,449
Investment income	67,364	-	67,364	67,251	-	67,251
Total income	12,822,730	9,145	12,831,875	12,273,938	65,185	12,339,122

Charity

	Year ended 31 July 2024			Year ended 31 July 2023 as restated		
	Unrestricted funds £	Restricted funds £	2024 Total £	Unrestricted funds £	Restricted funds £	2023 Total £
Donations and grants	674,231	9,145	683,376	25,137	62,435	87,572
Fundraising	-	-	-	-	2,750	2,750
Donations, grants and legacies	674,231	9,145	683,376	25,137	65,185	90,322
Gross school fees	12,453,288	-	12,453,288	12,320,377	-	12,320,377
Less: Bursaries, scholarships and allowances	(881,426)	-	(881,426)	(909,667)	-	(909,667)
	11,571,862	-	11,571,862	11,410,710	-	11,410,710
Other – events/rents/fees	670,574	-	670,574	449,491	-	449,491
Charitable activities	12,242,436	-	12,242,436	11,860,201	-	11,860,201
Investment income	67,326	-	67,326	67,206	-	67,206
Total income	12,983,993	9,145	12,993,138	11,952,544	65,185	12,017,729

3 Income from the Connected Undertaking's Trading Activities

Merchiston Enterprises Limited is a company limited by guarantee which promotes the interests and welfare of Merchiston Castle School. Its trading results for the year, as extracted from the audited financial statements for the Year ended 31 July 2024, are summarised below:

	2024	2023 as restated
	£	£
Turnover	36,601	153,849
Cost of sales and administrative expenses, including non-bank interest	(15,359)	(187,710)
Net profit/(loss) before tax	21,242	(33,861)
Taxation	-	-
Surplus/(deficit) after tax	21,242	(33,861)

Merchiston International Limited is a company limited by shares which promotes the Merchiston Castle School ethos and unique educational experience abroad. Its trading results for the year, as extracted from the audited financial statements for the Year ended 31 July 2024, are summarised below:

	2024	2023 as restated
	£	£
Turnover	200,000	169,988
Cost of sales and administrative expenses, including non-bank interest	(19,188)	(3,467)
Bank interest	38	45
Net profit before tax	180,850	166,566
Taxation	(33)	(24)
Surplus after tax	180,817	166,542

4 **Employee Information**

	2024	2023
	£	£
Staff costs comprise:		
Wages and salaries	4,704,208	4,581,917
Social security costs	496,680	477,814
Pension and other costs	816,927	764,768
	6,017,815	5,824,499

Included in the above values are termination and redundancy costs amounting to £29,545 (2023 - £10,000).

The average monthly number of persons employed by the group during the year was:

	2024	2023
	No.	No.
Teaching and support	78	76
Catering and domestic	29	35
Administration	25	26
	132	137

The number of key management personnel whose salaries were above £60,000 for the year were:

	Salaries including taxable benefits.		Salaries including taxable benefits, termination and redundancy costs.	
	2024	2023	2024	2023
	No.	No.	No.	No.
Between £70,000 and £80,000	2	2	2	2
Between £100,000 and £110,000	-	1	-	1
Between £120,000 and £130,000	1	-	1	-
Between £130,000 and £140,000	1	1	1	1

None (2023 - none) of the above employees were accruing benefits under a defined benefit pension scheme and all four (2023 - four) were accruing benefits under a defined contribution scheme. Total pension contributions made in respect of these employees in the year totalled £81,840 (2023 - £75,093).

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2024	2023
	£	£
Aggregate remuneration	496,961	513,187

The key management personnel of the charitable company comprise the senior management team and the Governors.

5 Pension Costs

The School participates in the Scottish Teachers' Pension 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 2020. This valuation informed an increase in the employer contribution rate from 23% at 1 April 2023 to 26% of pensionable pay from 1 April 2024.

The School 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. The scheme is an unfunded multi-employer defined benefit scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the School is unable to identify its share of the underlying assets and liabilities of the scheme.

The School's level of participation in the scheme is 0.09% based on the proportion of employer contributions paid in 2020-21. The pension charge in relation to the scheme represents contributions payable by the charitable company to the fund and amounted to £816,927 (2023 - £612,925).

6 Net income/(expenditure) for the year

	2024 £	2023 £
This is stated after charging / (crediting):		
Loss/(gain) on sale of fixed assets	-	154,614
Depreciation	1,016,572	656,756
Auditors' remuneration	16,500	17,090

7 Interest Payable and Similar Charges

	2024 £	2023 as restated £
Interest and charges on bank facilities	16,621	7,676

8 Taxation

As a charity, Merchiston Castle School is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen in the charitable company. The wholly owned trading subsidiaries are subject to corporation tax. However, payments from the taxable income of the companies are made to the parent charitable company through gift aid provisions.

9. Analysis of Total Resources Expended

Group

	Year ended 31 July 2024			Year ended 31 July 2023 as restated		
	Unrestricted funds	Restricted funds	2024 Total	Unrestricted funds	Restricted funds	2023 Total
	£	£	£	£	£	£
Fundraising expenses	3,571	-	3,571	3,395	-	3,395
Trading – Merchiston Enterprises Limited & Merchiston International Limited	34,481	-	34,481	186,408	-	186,408
Raising funds	38,052	-	38,052	189,803	-	189,803
Staff costs	6,004,222	-	6,004,222	5,795,062	-	5,795,062
Governance costs	16,500	-	16,500	17,090	-	17,090
Other costs	5,245,802	78,758	5,324,560	5,068,623	64,465	5,133,088
Depreciation	1,016,572	-	1,016,572	656,756	-	656,756
Charitable activities	12,283,096	78,758	12,361,854	11,537,531	64,465	11,601,996
Total expenditure	12,321,148	78,758	12,399,906	11,727,334	64,465	11,791,799

Charity

	Year ended 31 July 2024			Year ended 31 July 2023 as restated		
	Unrestricted funds	Restricted funds	2024 Total	Unrestricted funds	Restricted funds	2023 Total
	£	£	£	£	£	£
Fundraising expenses	3,571	-	3,571	3,395	-	3,395
Raising funds	3,571	-	3,571	3,395	-	3,395
Staff costs	6,004,222	-	6,004,222	5,795,062	-	5,795,062
Governance costs	16,500	-	16,500	17,090	-	17,090
Other costs	5,245,804	78,758	5,324,562	5,066,319	64,465	5,130,784
Depreciation	1,016,572	-	1,016,572	656,756	-	656,756
Impairment	88,567	-	88,567	-	-	-
Charitable activities	12,371,665	78,758	12,450,423	11,535,227	64,465	11,599 ,692
Total expenditure	12,375,236	78,758	12,453,994	11,538,622	64,465	11,603,087

9 Analysis of Total Resources Expended (continued)

	Staff Costs £	Other Costs £	Depreciation £	2024 Total £
Raising funds:				
Trading costs of subsidiaries	13,624	20,857	-	34,481
Fundraising	-	3,571	-	3,571
Total for Group	13,624	24,428	-	38,052
Charitable activities:				
Teaching	4,456,751	913,906	-	5,370,657
Welfare	638,733	1,608,523	-	2,247,256
Premises	366,230	2,092,836	1,016,572	3,475,638
Support	542,508	709,295	-	1,251,803
Governance costs	-	16,500	-	16,500
Total for Group	6,004,222	5,341,060	1,016,572	12,361,854
Total Resources Expended - Group	6,017,846	5,365,488	1,016,572	12,399,906
Total Resources Expended - Charity	6,004,222	5,433,200	1,016,572	12,453,994

The difference between the total resources expended by the group and total resources expended by the charitable company relates solely to the trading costs of the charitable company's subsidiaries as detailed in note 3, and an adjustment to fixed assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year ended 31 July 2023

9 **Analysis of Total Resources Expended (continued)**

	Staff Costs	Restated Other Costs	Depreciation	2023 Total as restated
	£	£	£	£
Raising funds:				
Trading costs of subsidiaries	29,437	156,971	-	186,408
Fundraising	-	3,395	-	3,395
Total for Group	29,437	160,366	-	189,803
Charitable activities:				
Teaching	4,186,862	686,767	-	4,873,629
Welfare	750,103	1,522,458		2,272,561
Premises	299,326	2,139,208	656,756	3,095,290
Support	558,771	784,655	-	1,343,426
Governance costs	-	17,090	-	17,090
Total for Group	5,795,062	5,150,178	656,756	11,601,996
Total Resources Expended - Group	5,824,499	5,310,544	656,756	11,791,799
Total Resources Expended - Charity	5,795,062	5,151,269	656,756	11,603,087

The difference between the total resources expended by the group and total resources expended by the charitable company relates solely to the trading costs of the charitable company's subsidiaries as detailed in note 3, and an adjustment to fixed assets.

10 **Analysis of Investment Gains and Losses**

	2024	2023
	£	£
Fair value gains /(losses) on financial instruments		
Change in value of financial assets held at fair value	59,541	(4,352)
Realised loss on disposal of financial assets	(680)	-
	58,861	(4,352)
Equalisations	40	75
	58,901	(4,277)

All investment gains and losses recognised in the current and prior year have arisen within unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year ended 31 July 2024

11 Tangible Fixed Assets

Group

	Freehold Land and Buildings £	Assets Under Construction £	Property Improve-ments £	Furniture and Equipment £	Plant, Machinery and Motor Vehicles £	Total £
Cost						
At 31 July 2023	15,330,526	4,659,565	3,531,107	1,891,919	599,893	26,013,010
Additions	-	1,837,080	152,648	246,509	28,360	2,264,597
Transfers	-	(6,285,481)	6,285,481	-	-	-
At 31 July 2024	15,330,526	211,164	9,969,236	2,138,428	628,253	28,277,607
Depreciation						
At 31 July 2023	4,452,300	-	2,683,365	1,811,737	521,761	9,469,163
Charge for year	394,075	-	471,050	104,354	47,093	1,016,572
At 31 July 2024	4,846,375	-	3,154,415	1,916,091	568,854	10,485,735
Net Book Value						
At 31 July 2024	10,484,151	211,164	6,814,821	222,337	59,399	17,791,872
At 31 July 2023	10,878,226	4,659,565	847,742	80,182	78,132	16,543,847

Charity

	Freehold Land and Buildings £	Assets Under Construction £	Property Improve-ments £	Furniture and Equipment £	Plant, Machinery and Motor Vehicles £	Total £
Cost						
At 31 July 2023	15,419,094	4,659,565	3,531,107	1,887,440	599,893	26,097,099
Additions	-	1,837,080	152,648	246,509	28,360	2,264,597
Transfers	-	(6,285,481)	6,285,481	-	-	-
At 31 July 2024	15,419,094	211,164	9,969,236	2,133,949	628,253	28,361,696
Depreciation						
At 31 July 2023	4,452,300	-	2,683,365	1,807,258	521,761	9,464,684
Charge for year	394,075	-	471,050	104,354	47,093	1,016,572
Impairment	88,568	-	-	-	-	88,568
At 31 July 2024	4,934,943	-	3,154,415	1,911,612	568,854	10,569,824
Net Book Value						
At 31 July 2024	10,484,151	211,164	6,814,821	222,337	59,399	17,791,872
At 31 July 2023	10,966,794	4,659,565	847,742	80,182	78,132	16,632,415

12 Investments Held as Fixed Assets

	UK Listed £	Cash for Investment £	Group Total £	Investment in subsidiary £	Charity Total £
Balance at 31 July 2023	680,689	-	680,689	1	680,690
Additions	2,061,574	-	2,061,574	-	2,061,574
Disposals	(41,400)	-	(41,400)	-	(41,400)
Gain on revaluation	58,861	-	58,861	-	58,861
Balance at 31 July 2024	2,759,724	-	2,759,724	1	2,759,725
Historical cost	2,459,569	-	2,459,569	1	2,459,570

Investments totalling £2,000,000 are included within Current assets with the remainder £759,275 included within Fixed Assets.

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

Treasury 5/8% 7/06/2025	£707,715
Treasury 0% T-Bill 30/09/2024	£326,726
Treasury 0% T-Bil; 7/10/2024	£334,829
Treasury 0% T-Bill 30/12/2024	£326,596
Treasury 0% T-Bill 6/01/2025	£332,642

13 Subsidiaries

Details of the company's subsidiaries at 31 July 2024 are as follows:

Name	Type	Registered Office Key	Class of Share Held	% Ownership	Net Assets (£)
Merchiston Enterprises Limited	Company limited by guarantee	1	N/A	100	17,337
Merchiston International Limited	Company limited by shares	1	Ordinary	100	232,212

Registered office addresses:

1. Merchiston Castle School, 294 Colinton Road, Edinburgh, EH13 0PU

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year ended 31 July 2024

14 **Stock**

	2024 Group £	2023 Group £	2024 Charity £	2023 Charity £
Stock	33,905	41,740	24,690	32,635
	33,905	41,740	24,690	32,635

15 **Debtors**

	2024 Group £	2023 Group £	2024 Charity £	2023 Charity £ as restated
Fees and outlays in arrears	156,692	141,598	156,691	141,598
Prepayments and accrued income	233,546	303,316	233,546	303,316
Amounts due from associated companies	-	-	47,817	293,448
Other debtors	775	46,210	775	925
	391,013	491,124	438,829	739,287

16 **Creditors:** Amounts falling due within one year

	2024 Group £	2023 Group as restated £	2024 Charity £	2023 Charity £
Trade creditors	361,100	254,634	358,866	254,634
Taxes and social security costs	3,040	467	270	-
Other creditors	179,456	96,814	178,456	97,566
Amounts due to associated interests	10,663	9,014	119,561	9,014
Fees in advance	2,473,629	1,002,468	2,473,629	1,002,468
Accruals and deferred income	432,517	435,793	425,429	430,169
Corporation tax payable	67,943	63,297	-	-
	3,528,348	1,862,487	3,556,211	1,793,851

Bank of Scotland plc holds a bond and floating charge over the assets of the company.
Fees paid in advance are as follows:

	2024 Group and Charity £	2023 Group and Charity £
Balance as at 31 July 2023	1,002,468	1,093,010
Amount released to incoming resources	(1,002,468)	(1,093,010)
Amount deferred in the year	2,473,629	1,002,468
Balance as at 31 July 2024	2,473,629	1,002,468

17 **Creditors:** Amounts falling due after more than one year

	2024	2023
	Group and Charity	
	£	£
Other creditors	466,567	611,512
	466,567	611,512

18 **Capital and Reserves**

Group

	Unrestricted Reserves	Unrestricted Investment Revaluation	Restricted Reserves	Total Reserves
	£	£	£	£
Balance as at 31 July 2023	18,051,557	297,805	887,899	19,237,261
Restatement of prior year taxation liability	(63,297)	-	-	(63,297)
Balance as at 31 July 2023 (as restated)	17,988,260	297,805	887,899	19,173,964
Surplus/(deficit) for the year	501,582	58,901	(69,613)	490,870
Transfers	388	-	(388)	-
Balance as at 31 July 2024	18,490,230	356,706	817,898	19,664,834

Charity

	Unrestricted Reserves	Unrestricted Investment Revaluation	Restricted Reserves	Total Reserves
	£	£	£	£
Balance as at 31 July 2023	18,138,323	297,805	887,899	19,324,027
Restatement of prior year distribution	(506,700)	-	-	(506,700)
Balance as at 31 July 2023 (as restated)	17,631,623	297,805	887,899	18,817,327
Surplus/(deficit) for the year	608,757	58,901	(69,613)	598,045
Transfers	388	-	(388)	-
Balance as at 31 July 2024	18,240,768	356,706	817,898	19,415,372

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the Year ended 31 July 2024

18 **Group**

	Unrestricted Reserves	Unrestricted Investment Revaluation	Restricted Reserves	Total Reserves
	£	£	£	£
Balance as at 31 July 2022	17,431,112	302,082	958,717	18,691,911
Restatement of prior year taxation liability	(60,993)	-	-	(60,993)
Balance as at 31 July 2022 (as restated)	17,370,119	302,082	958,717	18,630,918
Surplus/(deficit) for the year as restated	546,603	(4,277)	720	543,046
Transfers (as restated)	71,538	-	(71,538)	-
Balance as at 31 July 2023	17,988,260	297,805	887,899	19,173,964

Capital and Reserves (Continued)

Charity	Unrestricted Reserves	Unrestricted Investment Revaluation	Restricted Reserves	Total Reserves
	£	£	£	£
Balance as at 31 July 2022	17,484,363	302,082	958,717	18,745,162
Restatement of prior year distribution	(338,200)	-	-	(338,200)
Balance as at 31 July 2022 (as restated)	17,146,163	302,082	958,717	18,406,962
Surplus/(deficit) for the year as restated	413,922	(4,277)	720	410,365
Transfers	71,538	-	(71,538)	-
Balance as at 31 July 2023 as restated	17,631,623	297,805	887,899	18,817,327

19 Statement of movements in funds

	Balance as at 1 August 2023 as restated	Income	Expenditure	Transfers, actuarial gain, and loss on investments	Balance at 31 July 2024
Unrestricted funds					
Trading costs of subsidiaries	17,631,623	12,983,993	(12,375,236)	388	18,240,768
Unrestricted Investment Revaluation	297,805	-	-	58,901	356,706
Restricted funds					
Bill Wilson	59,895	-	-	-	59,895
Reg Woodward	63,636	-	-	-	63,636
Kilpatrick Innovation Award	50,000	-	-	-	50,000
S&L Lord Laidlaw	600,000	-	-	-	600,000
Chartwells	87,000	-	(70,000)	-	17,000
Other restricted funds	27,368	9,145	(8,758)	(388)	27,367
	18,817,327	12,993,138	(12,453,994)	58,901	19,415,372

20 Analysis of Group Net Assets between Funds

The restricted fund balance represented by current assets at 31 July 2024 was £817,898 (2023 - £887,899). Unrestricted funds are free to be used in accordance with the charitable objectives of the School. Restricted funds represent those assets which have been historically held to fund bursaries and the donation income received for the planning and construction of the new sport and leisure facilities. The transfer in the current year from restricted reserves to unrestricted reserves was £388 (2023 - £71,538).

Sufficient resources are held in an appropriate form to enable all funds to be applied in accordance with the restrictions imposed on them.

21 Capital Commitments

	2024	2023
	£	£
Amount authorised and contracted for	-	1,962,231

22 Operating lease commitments

At the reporting date the company has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	23,616	23,712
Between two and five years	36,780	70,564
	60,396	94,276

24 Related Party Transactions

The charitable company has a connected undertaking, Merchiston Enterprises Limited (a company limited by guarantee) which utilises the facilities owned by the School (at an agreed rental) for letting and promotional events to benefit the School. During the year, Merchiston Enterprises Limited was charged rent of £100 (2023 - £100) for use of the facilities and made a distribution under gift aid to the School of £44,000 (2023 - £nil) which is treated as a distribution from reserves. During the year, Merchiston Enterprises Limited was recharged £2,334 (2023 - £30,372) in relation to staff wages. In addition, a donation under gift aid of £21,500 (2023 - £nil) was received. The amount due to the school by Merchiston Enterprises Limited at 31 July 2024 was £35,071 (2023 - £187,682).

The charitable company also holds an investment in another subsidiary, Merchiston International Limited (a company limited by shares) which promotes the Merchiston ethos and education overseas. During the year, a distribution under gift aid of £353,802 (2023 - £nil as restated) was received. The net amount owed to Mercherson International Limited from the School at 31 July 2024 was £96,153 (2023 - £105,766).

The Governors received no remuneration during the year (2023 - £nil) and no reimbursement of travel and subsistence expenses (2023 – £nil). Where any of the Governors are parents of pupils at the School they have arms length transactions in relation to payment of school fees.

During the year the School recharged wages of £12,500 (2023 - £12,500) to Merchistonian Club, a Club of which a Governor of the School is also a member of the Club's committee. The amount owed by the School to Merchistonian Club at 31 July 2024 was £10,663 (2023 - £9,014).

25 Contingent Liabilities

The School has received notification of claims for unspecified damages in respect of alleged historic abuse. If any claim was successful, it is difficult to determine the financial extent to which the School could be liable or the timing of any possible outflows.

26 Prior year adjustment

Consolidated Group
Reconciliation of changes in equity
The prior period adjustments do not give rise to any effect upon equity.

	1 August 2022 £	31 July 2023 £
Adjustments to prior year		
Additional taxation and interest charged on previous years	(60,993)	(63,297)
Total adjustments	(60,993)	(63,297)
Equity as previously reported	18,691,911	19,237,261
Equity as adjusted	18,630,918	19,173,964
Analysis of the effect upon equity		
Profit and loss reserves	(60,993)	(63,297)
	(60,993)	(63,297)

Reconciliation of changes in net movements for the previous financial period

	2023 £
Adjustments to prior year	
Additional corporation and interest charged	(2,304)
Total adjustments	(2,304)
Net income as previously reported	545,350
Profit as adjusted	543,046

Notes to reconciliation

Prior year adjustment
A prior year adjustment has been raised due to the additional tax liabilities as a consequence of the restated treatment of gift aid distributions from the subsidiaries to the Charity.

26 **Prior year adjustment (continued)**

Charitable Company
Reconciliation of changes in equity
The prior period adjustments do not give rise to any effect upon equity.

	1 August 2022 £	31 July 2023 £
Adjustments to prior year		
Reduction in distributions	(338,200)	(506,700)
Total adjustments	(338,200)	(506,700)
Equity as previously reported	18,745,162	19,324,027
Equity as adjusted	18,406,962	18,817,327
Analysis of the effect upon equity		
Profit and loss reserves	(338,200)	(506,700)
	(338,200)	(506,700)

Reconciliation of changes in net movements for the previous financial period

	2023 £
Adjustments to prior year	
Gross up income for extra-curricular activities	487,078
Gross up expenses for extra-curricular activities	(487,078)
Reduction in distributions	(168,500)
Total adjustments	(168,500)
Net surplus as previously reported	578,865
Profit as adjusted	410,365

Notes to reconciliation

Prior year adjustment
A prior year adjustment has been raised due to the restated treatment of gift aid distributions and the gross up of income and expenditure for extra-curricular activities.

27 **Control**

In the opinion of the Governors there is no controlling party.