



ST MARY'S MUSIC SCHOOL TRUST LIMITED
CONSOLIDATED REPORT and ACCOUNTS
For the year ended 31 July 2018

ST MARY'S MUSIC SCHOOL TRUST LIMITED

REFERENCE and ADMINISTRATIVE INFORMATION

Company Number SC054504
Registered Charity Number SC014611
Registered Office Coates Hall
25 Grosvenor Crescent
Edinburgh
EH12 5EL

Directors

The following Directors served during the year:

Chairman	Dr William Moyes	
Vice Chairman	John Elliot	
	Rt Rev Brian Smith	Retired 11 December 2017
	Paul Baxter	Resigned 2 May 2018
	Graham Burnside	
	James Cook	
	John Conway	Appointed 11 December 2017
	Katrina Heathcote	
	Alistair Hector	
	Gavin Gemmell, CBE	
	Brian Gill	Resigned 24 September 2017
	Neil Short	
	Christian Torkington	

The Board is a self-appointing body.

Senior Staff

Headteacher	Dr Kenneth Taylor
Bursar & Company Secretary	Dr JoAnna Ruth Collings
Honorary President	John Wallace CBE
Honorary Vice-Presidents	Evelyn Glennie DBE
	Steven Isserlis CBE
	Sir James MacMillan CBE
	Jerzy Maksymiuk
	Steven Osborne

ST MARY'S MUSIC SCHOOL TRUST LIMITED

REFERENCE and ADMINISTRATIVE INFORMATION (continued)

Bankers	Clydesdale Bank PLC 83 George Street Edinburgh EH3 9BY
	Bank of Scotland 75 George Street Edinburgh EH2 3EW
Auditor	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Solicitors	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA

ST MARY'S MUSIC SCHOOL TRUST LIMITED

CHAIRMAN'S STATEMENT

In 2017/2018 St Mary's Music School made further progress. The year's achievements, both academically and musically, were outstanding and a full review of the School's excellent results is set out in Dr Kenneth Taylor's report on pages 5 to 8. The Directors are very grateful to Dr Taylor and his team for the consistent dedication and effort which has produced such a successful outcome.

During the year we were sorry to lose three Directors. Brian Gill, who joined the Board as a parent Director in December 2014 resigned at the end of September 2017 and we thank him for his support. In December 2017 the Right Reverend Brian Smith retired from the Board after 8 years of dedicated service, latterly as Vice Chairman. We are very grateful to Brian for his commitment to the Board and for his wise counsel. Following Brian Smith's retirement, Jo Elliot, who joined the Board in October 2014, became Vice Chairman. Paul Baxter resigned in May 2018 having given the Board much enthusiastic service. In January 2018 we welcomed to the Board the Very Reverend John Conway, Provost of St Mary's Episcopal Cathedral. John brings a wealth of experience and further strengthens the School's long standing links with the Cathedral and its choristers.

It was with great sadness that we learnt of the death in January 2018 of Sir Gerald Elliot who was a Director of the School between 1989 and 1994. A distinguished businessman and a lifelong musician, Sir Gerald took a keen interest in the School. The Binks Trust, of which Sir Gerald was a trustee, continues to be one of the School's major benefactors.

Our strategy remains focussed on increasing substantially the number of musically gifted children whom the School can educate in an inspiring, inclusive and supportive environment. Our Outreach Programme, which introduces children to the wonders of music, is also an activity we are committed to expanding and a step in this direction has been the extension of our Saturday Music Classes by introducing a new programme of classes on Friday afternoons.

We are, however, constrained by the limitations of our existing premises at Coates Hall. We remain fully committed to our partnership with the Royal High School Preservation Trust (RHSPIT) and our potential migration to the former Royal High School. Such a move would radically transform St Mary's Music School by providing modern, state of the art, facilities in a world class, iconic setting. Not only would this enable us to accommodate more Scottish students but our new premises would provide a magnet for students internationally. Coupled with Edinburgh's strong reputation as a cultural "hot spot" we envisage the School ultimately becoming one of the outstanding international institutions for educating talented young musicians. It is a very exciting vision which has widespread and enthusiastic support.

Although the Royal High School Preservation Trust obtained planning permission in August 2016 we are currently not able to turn our vision into reality until a final decision has been made on rival plans to develop the former Royal High School site into a hotel. The two hotel proposals, which Edinburgh City Council rejected, are now the subject of an Appeal which commenced on 18th September. The outcome will ultimately be determined by Scottish Ministers and a decision is unlikely to be made before mid-2019.

Finally, I want to thank the Scottish Government for their continued funding through the Aided Places Scheme which enabled 51 of our 82 pupils to receive Scottish Government support. We are also grateful to St Mary's Episcopal Cathedral and to a wide range of benefactors for their generous financial support. With rigorous control of costs we were able to report a modest unrestricted operating surplus of £12,742 which is shown in the Consolidated Statement of Financial activities on page 20.

ST MARY'S MUSIC SCHOOL TRUST LIMITED
CHAIRMAN'S STATEMENT (continued)

In conclusion, we have a clearly defined strategic plan, developed with both the Board and the staff. It is bold and forward looking and through our partnership with the RHSP'T and the generous funding from the philanthropic Dunard Fund, we are very strongly placed to maximise the School's long term potential.

William Moyes
Chairman

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The following is an edited version of the Headteacher's Speech at the Prize-giving at the end of session 2017/18.

This review outlines events of the year and focuses on some of the many highlights. There is no shortage of material.

The Queen's Hall summer concert was the musical culmination of the year. The concert included the String Ensemble's Bartok Divertimento, Marcus Farnsworth performing two English song cycles for Baritone and Orchestra; also taking part were the Choristers, Choir and the School Orchestra led by Briona Mannion and conducted by Will Conway. In addition the Accordion Quartet and Jazz Combo performed in the bar.

The Directors' Recital Prize was another highlight of the year. This prize is funded by the school's Directors and we thank them for their generous support. This year the competition attracted 25 entries. The eventual winner Salvador Sanchez and finalists, Fraser Mason, Emma Baird and Will Fielding provided a fantastic concert. Our Junior Recital Prize attracted 14 entries and the Intermediate Recital Prize had 16.

Education and National Issues

We remain continually grateful for the Scottish Government's provision of the Aided Places Scheme.

We continue to link with the Choir Schools Association of Great Britain who enjoyed their centenary this year. The school is an active member of the Scottish Council for Independent Schools and the UK Music and Dance Schools group of nine specialist schools. I represent the school at the Scottish Music Education Partnership Group.

Many of our pupils play in national ensembles such as the National Youth Orchestra of Great Britain, National Children's Orchestra, National Youth Orchestras of Scotland, the National Children's Orchestra of Scotland, the National Jazz Orchestra of Scotland and the Tommy Smith Youth Jazz Orchestra.

Session Developments

The session started with a roll of 82 pupils plus one Pathways pupil.

Academically the main developments have been revised National 5 Qualification assessment arrangements and in presenting S6 pupils for the first time in Cambridge pre-U Music. The school has a new website and our Twitter feed and Facebook page continue to illustrate the current work of the school. The school has produced four films based on aspects of Robert Schumann's Advice to Young Musicians Revisited by Steven Isserlis and a further two short films promoting support for the school and the potential move to the Royal High School. A seventh film is currently in production. An Annual Review for session 2016/17 was produced along with a Summary Strategic Plan.

Summary of School Year

Term 1

The school enjoys consistently good exam results and again last year's results compared very well with other Scottish schools. Overall our percentage pass rate was 97% at National 5, 88% at Higher, 87% at Advanced Higher and 100% at A Level and iGCSE.

In August senior instrumental pupils gave three concerts as part of the Edinburgh Festival Fringe, whilst the choristers gave a concert and a Radio 3 broadcast. The culmination of our September Orchestral Project saw a performance of big band music directed by Elliot Murray. A string quartet performed and the choristers sang at the installation of the Provost of St Mary's Episcopal Cathedral. In addition to their usual services the choristers also sang the Duruflé Requiem at All Souls, the Brahms German Requiem for Remembrance Sunday, a joint service of Choral Evensong at St Giles Cathedral, a short recital at New College, for the Advent Service and for the services around Christmas. After term finished, but before Christmas, they visited La Vendée in France to sing as the international choir at a Christmas Choral Festival. During the term pupils performed at the Standard Life Inspiration Awards, Maggie's Culture Crawl, the Corstorphine Literacy and Geographical Society, the Perfect Harmony reception at the Scottish Parliament, the SQA Long Service Awards, the Royal Overseas League Arts Lunch, a Sotherby's Charity Event, an Arnot Maderson Stable Lecture, St Cecilia's Big Celebration Day, the Eric Liddell Centre Charity event at the Sheraton Hotel, an Usher Hall Foyer Performance and a performance at RCS Juniors. Our violists visited Birmingham around the Cecil Aronowitz Viola Competition and the school enjoyed a lecture visit from composer Nigel Osborne. The Christmas Concert included Britten from the choristers, Handel from the String Ensemble, Jazz, Sibelius and a Symphony of Carols specially composed for the school by our own Tom David Wilson.

The school was delighted to receive a clavichord from the late Nigel Murray's family.

Term 2

Eighteen pupils gave performances for the school Concerto Competition for the Lord Clyde Performance Prize, adjudicated by Nick Zekulin. The winner Leo Kerr performed the Mozart Clarinet Concerto at our Spring Concert which also contained a short piece of Frank Bridge orchestrated by Paul Stubbings, in memory of Sir Gerald Elliot a very generous supporter of the school over the past 45 years, and a performance of the Pergolesi Stabat Mater which featured every pupil in the school.

This year Emma Baird won the Edinburgh Competition Festival Concerto Final with Rachel Spence and Sofia Ros Gonzalez also making the final.

Our Winter Chamber Music Festival comprised two lunchtime concerts, an afternoon concert and the Rush Hour Chamber Music Concert at St Andrew's and St George's West Church.

Senior Chorister Madeleine Gill sang for an event at Edinburgh Castle and six Junior pupils performed at Stewart House Men's Club. We visited Moray Music Centre in February where John Kenny and Francis Cummings led rehearsals and returned in March with two pupils who played in their end of term concerts. Chamber Groups performed Saint-Saens Piano Quintet and Schumann 2nd Piano Trio and Max Carsley sang at the Queen's Hall as part of Susan Tomes' Winterplay Chamber Music Festival, and the chamber groups repeated their performances at a lunchtime concert at the University of St Andrews.

Term 3

The Nigel Murray Masterclass took place in Stockbridge Parish Church. Four String Quartets including visitors from Douglas Academy and City of Edinburgh Music School enjoyed instruction and a performance of Shostakovich from the Fitzwilliam Quartet. Over 150 guests, including violin teachers and pupils from Central Scotland and beyond were in attendance. On Friday 11 May the inaugural Edinburgh Series Masterclass saw our school (minus those sitting Higher and Advanced Higher English exams) and 66 guests representing 16 Scottish Schools witnessed violinist Renaud Capuçon give instruction to four of our violinists and a guest from the RCS Junior Department.

Our sixth Junior Jazz Concert took place in the Dining Hall on 5 June and the Senior Jazz Concert was held at St Andrew's and St George's West Church in association with Amnesty International where Intermediate Jazz, The Jazz Combo and Senior Jazz groups gave great performances to a large audience of 280 under the inspired and expert direction of Richard Ingham.

In June our Junior Instrumentalists gave a performance in Holyrood House, a Trad. Group led by Josephine De Geer played music at a Handelsbanken Reception on Sweden Day and the Cathedral Choir released their William Mundy CD to critical acclaim.

Music Programme

Our Chamber Music programme provides something for all, with Will Conway working on every possible combination. Likewise our jazz programme is available throughout the school, culminating in the two jazz concerts that have already been mentioned.

Performing opportunities for our pupils are many and varied and at every level, both within the curriculum and outwith, local and national. We give a large number of concerts at a variety of levels and locations including our internal lunch-time concerts, local Edinburgh concerts and supporting a range of charities. Our ABRSM practical exam results have once again been consistently impressive. Throughout the year Paul Stubbings led pupils on 25 'unmissable' concert trips.

Outreach: Saturday Music Classes

Saturday Music Classes continue in popularity and we are grateful to the pupils who are involved as helpers as a form of Work Experience. Next session, in association with St Mary's Episcopal Cathedral, we will be launching Friday Afternoon Choirs in addition to our Saturday activities.

Departing Teachers

Janis Clinton has taught Chemistry here for the past 17 years and was Head of Guidance for much of that time. She has been an extremely dedicated member of staff, offering meticulously planned lessons and support for any pupils requiring additional help.

Peter Backhouse has been associated with the school for 11 years having directed our chamber choir and taught Academic Music and in addition to this was a Bass Layclerk in the St Mary's Episcopal Cathedral for 4 years and Assistant Organist for 20. In all Peter has been teaching in schools for 40 years and he leaves with our very best wishes for a long and happy retirement.

ST MARY'S MUSIC SCHOOL TRUST LIMITED
HEADTEACHER'S REPORT (continued)

Departing Teachers (continued)

Richard Ingham has taught jazz here for 20 years and I am sure you all appreciate the high regard in which his work is held. It is a wonderful thing that all pupils passing through the school learn and play jazz in various groups and it's true to say that several professionals owe their career in no small part to his inspiration and enthusiasm

John Bryden has taught piano, music theory, performance classes here for at least 14 years. In the past few years Mr Bryden's teaching load has greatly increased and we are very grateful for all the dedication, flexibility and hard work he has shown.

Kenneth Taylor

2018

ST MARY'S MUSIC SCHOOL TRUST LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 July 2018.

Objects and Activities

Charitable Objects

The choir school was opened in 1880 to educate choristers for the newly built St Mary's Episcopal Cathedral. Nowadays the School has a much wider remit, educating young instrumentalists, composers and singers as well as the choristers. Pupils come to the School at any stage up to S6. Most pupils proceed to higher education in Music and enter the music profession, with many now pursuing international careers. St Mary's Music School is a national resource and an aspirational destination for talented musicians.

The objects of St Mary's Music School Trust Ltd as set out in its Memorandum of Association are to promote the study, practice and knowledge of music and other musical, literary, artistic, cultural and educational purposes connected therewith, and for these purposes to establish, maintain and manage a school, both primary and secondary, for gifted children. St Mary's Music School provides pupils attending the School with a general education and enters them for normal educational examinations and also musical examinations, both theory and practical, and prepares pupils, where possible, for a career in Music. St Mary's Music School also offers places for the choristers of St Mary's Episcopal Cathedral, Edinburgh. Pupils gain a place on the basis of musical ability and potential, regardless of parental means (see pages 11 & 12).

Outreach and community work are important aspects of the work of St Mary's Music School and we aim to encourage inclusion, extending specialist music opportunities to pupils from other schools as appropriate. Our long established Saturday Music Classes, attended by around 150 children from the pre-school year upwards, are an important part of our community activities. Alongside the well-established classes in violin, cello, recorder, singing and theory, tuition is now available in small groups for beginners in clarsach, clarineo, clarinet, guitar and trumpet.

We have a long history of welcoming pupils from other schools to participate in our core activities such as chamber music, orchestras and workshops. Our Part-time Pathways to Specialism Scheme gives post-Higher pupils from other schools who are intending to apply for music courses in Higher Education the opportunity to attend classes such as Cambridge Pre-U Music, at St Mary's Music School, either while still at school or during a gap year.

Aims of St Mary's Music School

St Mary's Music School aims to provide the highest possible standard of education and training to exceptionally gifted young musicians, in an inspiring, inclusive and supportive environment.

Aims

- To provide specialist music education to instrumentalists and the choristers of St Mary's Episcopal Cathedral
- To contribute to the cultural life of Scotland and internationally
- To encourage applications from all pupils with the potential to benefit from a supportive specialist music school education

DIRECTORS' REPORT (continued)

Aims of St Mary's Music School (continued)

- To develop each pupil's musical education to the full and to provide an excellent general education, offering flexibility of timetabling sensitive to the needs of the individual
- To encourage a high level of motivation, self-esteem and confidence, promoting balance, self-discipline and self-awareness
- To prepare and support pupils socially, emotionally and professionally for the future
- To promote engagement with the wider community and to extend in-depth learning in music to children from other schools as part of our outreach programme

Achievements and Performance

Principal activities of the year to 31 July 2018

The extract from the Headteacher's Speech at prize-giving at the end of session 2017/18 which forms part of this report gives a detailed synopsis of the principal activities of the year to 31 July 2018.

Objectives for Session 2017/18

The year's objectives included:

- Fundraising and promoting legacy giving
- Continuing to deliver an operating surplus thereby enhancing our reserves
- Continuing to work with the RHSPT

Strategies to achieve the year's objectives included:

- Legacy giving promoted on website and concert programmes
- Targeted fundraising campaigns and other related activities
- Careful budgeting and monitoring of expenditure
- Extensive consultation with RHSPT

Review of achievements and activities

The session once again saw good performance in public examinations with a 99% pass rate overall. 100% pass rate was achieved at Cambridge Pre-U and iGSCE, with a 100% pass rate at Advanced Higher, 98% pass rate at Higher and 98% pass rate at National 5. 73% of all presentations achieved an A Grade. The school has once again achieved the objective of maintaining its high academic performance, providing an excellent general education alongside a first class music education.

Achievements in music were excellent. 15 pupils achieved Grade VIII Distinctions from The Associated Board of The Royal Schools of Music throughout the year. Our leavers all progressed to Higher Education establishments of their choice, either university or conservatoire, many with scholarships.

Life at St Mary's Music School is always busy. Our instrumentalists have a varied schedule of performances throughout Scotland and beyond. Pupils play for civic occasions and they regularly provide chamber music, jazz and traditional Scottish music for prestigious outside organisations and for charities, large and small.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

DIRECTORS' REPORT (continued)

Review of achievements and activities (continued)

Outside school, our pupils play in youth orchestras, such as National Children's Orchestra, National Youth Orchestras of Scotland, National Youth Jazz Orchestra of Scotland and National Youth Orchestra of Great Britain.

As well as being Scotland's specialist music school for instrumentalists, composers and singers, the School also educates the choristers of St Mary's Episcopal Cathedral, which is unique in Scotland in maintaining a full choral tradition, with over 250 sung services every year.

The School's outreach programme made a considerable contribution to music education in Scotland, extending specialist music opportunities to pupils from other schools.

Significant Fundraising Activities

The School's fundraising and development programme aims to give its pupils the facilities which their musical talents deserve, to enhance their education and also for the benefit of the wider community. While most pupils are supported by the Scottish Government through the Aided Places Scheme or by Cathedral bursaries, the School has no regular source of income for capital expenditure, either for buildings or for equipment, including musical instruments.

The School's Friends & Donors Scheme offers a development opportunity to help sustain the School. Regular financial gifts on a monthly or annual basis are received from an increasing number of participants.

A total of £361,219 in donations, fundraising and gifts in kind was received in the year ended 31 July 2018. Included in this sum was £90,000 from Dunard Fund in support of the RHS development project.

Grateful thanks are due for gifts of musical instruments and sheet music. A number of smaller gifts have not been included in the accounts as their individual values are very difficult to establish.

Financial Review and Reserves Policy

Details of the income and expenditure for the year, and assets and liabilities at 31 July 2018 are shown on the Statement of Financial Activities and Balance Sheet in the accounts.

The combined surplus on unrestricted and restricted activities for the year, prior to revaluation of investments, was £71,897 (2017: surplus £69,102).

Scottish Government Aided Places Scheme and School Bursaries

The Aided Places Scheme provides financial assistance with the cost of tuition and boarding fees and other expenses for pupils attending St Mary's Music School, Edinburgh. The provisions of the scheme are contained in the St Mary's Music School (Aided Places) (Scotland) Regulations 2015 (SSI 2015/248).

The scheme provides for up to 45 instrumentalists and 6 choristers for eligible pupils. Remission on fees is based on a sliding scale linked to family income and is subject to annual means-testing.

Around 16 pupils are supported by bursaries provided by the School through fundraising and funds generated by St Mary's Music School Enterprises Limited.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

DIRECTORS' REPORT (continued)

Scottish Government Aided Places Scheme and School Bursaries (continued)

In the academic year 2017-18 there were a total of 68 pupils in receipt of financial assistance from either the Scottish Government Aided Places Scheme or the School bursaries. From these two sources the value of means-tested remission awards in 2017-18 amounted to £1,566,237.

The range of awards from both sources are:

Percentage of award	Number of pupils
41 – 60%	4 beneficiaries
61 – 80%	17 beneficiaries
81 – 100%	47 beneficiaries (of whom 13 received 100%)

Non means-tested fee remissions

All choristers not holding an Aided Place are awarded a Cathedral bursary of at least 50% of the full fee by the St Mary's Episcopal Cathedral. The value of Cathedral bursaries in 2017-18 was £60,929 awarded to 12 pupils.

Reserves Policy

The Directors are satisfied, based on financial assumptions which they consider reasonable, that the Company will be able to meet its debts as they fall due for the foreseeable future. Unrestricted reserves at 31 July 2018 amounted to £1,189,299 of which £825,276 is invested in fixed assets leaving available liquid reserves of £364,023. Details of restricted reserves are included in the notes to the accounts.

The School is vulnerable to a detrimental change in The Aided Places Scheme operated by the Scottish Government. However, the Directors are not aware of any indications to suggest that Scottish Government support to enable musically gifted pupils to attend the School will not continue.

Investment Policy

The School's investments are held in the M&G Charifund, a low cost, high yielding unit trust specifically designed for charities. At the start of 2017-18 this investment had a value of £256,037 compared to the original cost of £184,595. At the year end this investment had appreciated by £5,179.

During the year a further £300,000 was gradually invested in the M&G Charifund and at the year end this new tranche has appreciated by £6,000.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

DIRECTORS' REPORT (continued)

Plans for future periods

Aims and objectives for the future and Activities planned to achieve them

School fees are set by the Scottish Government under The Aided Places Scheme. In 2018/19 School fees will be increased by 4% from 2017/18.

The priorities and key objectives for 2018/19 will be:

- to increase fundraising, including a legacy campaign
- to maintain rigorous cost controls
- to continue to work closely with the Royal High School Preservation Trust
- to continue to raise the profile of the School to attract the most talented pupils

Structure, governance and management

Governing Document

St Mary's Music School Trust Ltd is incorporated in Scotland. It is a company limited by guarantee and not having a share capital. The charity is governed by its Memorandum and Articles of Association dating from November 1973 and last amended in December 2013.

Recruitment and Training of Directors

The School's elected Directors are appointed at a meeting of the Board on the basis of the skills they will bring to the School. New Directors meet with the Chairman, the Headteacher and the Bursar, are given a guided tour of the School and an Induction Pack which includes minutes and related documents, a copy of the Memorandum and Articles of Association, accounts for the previous two years and copies of the School prospectus and staff and parent handbooks. Directors are encouraged to attend Governors' Seminars organised by the Scottish Council for Independent Schools.

Organisational management

The Board of Directors, as the charity trustees of the Charity, are legally responsible for the overall management and control of the School and meet at least three times a year. Other Directors' Committees are set out below and each meets at least once per term. Matters of Health and Safety are dealt with by a School Committee which meets regularly and reports to the Board and to appropriate Board Committees:

- Education and Safeguarding Committee
- Finance and General Purposes Committee
- Fundraising Committee
- Remuneration, HR and Nominations Committee
- Strategy Committee

ST MARY'S MUSIC SCHOOL TRUST LIMITED

DIRECTORS' REPORT (continued)

Remuneration of Key Management Personnel

Key Management Personnel are the Directors and the Headmaster and the Bursar. The Directors receive no remuneration or benefits and the remuneration of the Headmaster and the Bursar are considered by the Board of Directors in the light of available funding.

Related Parties

St Mary's Music School Enterprises Limited is a 100% subsidiary of St Mary's Music School Trust Limited whose income is derived from summer letting of the School premises. Further details are included within notes 1 and 13 to the accounts.

Directors must disclose any contractual relationships and notes of interest are retained in written form.

During the year, gifts in cash valued at £11,125 were received from members of the Board and have been included in the total of donations (£10,000 unrestricted and £1,125 restricted).

Principal Risks and uncertainties

The Directors have considered the principal risks and uncertainties facing the school. The main funding of the school is through fee income which is means tested. The balance not charged to parents is for the most part paid by Scottish Government as grants for individual pupils according to The St Mary's Music School (Aided Places) (Scotland) Regulations 2015. Fee levels are set by Scottish Ministers and Directors are mindful of the fact that political will and the economic climate could have an adverse effect.

The Directors believe that the reputation of the school is key to ensuring future success and that this will allow the school roll to be maintained.

In order to provide a high standard of education the quality of the school buildings is important and the Directors are aware that there is a risk that additional or unexpected repair work will be required. The Directors have ensured that full insurance is in place and continue to undertake annual repairs and maintenance to mitigate the risk of substantial repairs.

The School has considered the financial risks arising from the availability of liquid funds. The School works hard to ensure that debtors are well managed. The School is fortunate that it does not require external finance to manage their cash flow.

The School also has considered non-financial risks and as child protection and the health and safety of pupils and staff is paramount they consider any potential breach to be a principal risk. To mitigate this they have developed policies to ensure the regulations and guidelines for the welfare of pupils are observed. Directors are aware that in participating in St Mary's Episcopal Cathedral Choir and National Youth Music Organisations pupils are in regular contact with adults who for legitimate legal reasons may not have been vetted by either Disclosure Scotland or the Disclosure Barring Service in England. They are satisfied that these organisations have policies in place to safeguard the pupils in their care.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

DIRECTORS' REPORT (continued)

Principal Risks and uncertainties (continued)

A comprehensive risk management report, prepared by senior Staff, is monitored by the Finance and General Purposes Committee with input from other Directors' Committees. Risks are identified and assessed and steps are taken to establish systems and controls where necessary.

Controls used by St Mary's Music School include:

- Formal agendas and minutes for Board and Committee meetings
- School improvement plan
- Comprehensive budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies which are reviewed regularly
- Staff training
- Vetting procedures

The Directors believe that the major risks are identified and have been mitigated to the extent necessary and practicable.

Statement of Directors' responsibilities

The Directors (who are also trustees of St Mary's Music School Trust Limited for the purposes of charity law) are responsible for preparing the Directors' Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and the income and expenditure of the charitable company and of the group for the year. In preparing these accounts the Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charity's Memorandum and Articles of Association.

ST MARY'S MUSIC SCHOOL TRUST LIMITED
DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities (continued)

The Directors are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small company provisions

The Directors have prepared this report in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board of Directors and signed on its behalf by:-

JoAnna Ruth Collings
Secretary

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Opinion

We have audited the accounts of St Mary's Music School Trust Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 July 2018 which comprise the Group Statement of Financial Activities, the group and parent charitable company Statements of Financial Position, the group and parent charitable company Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2018, 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 accounts 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 accounts in the UK, 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 Director's use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Directors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the group's or the parent 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 accounts are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

Opinions 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 Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a strategic report.

Responsibilities of the Directors

As explained more fully in the Directors' Responsibilities set out on page 17, the Directors are also responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Directors (continued)

In preparing the accounts, the Directors are responsible for assessing the group's and the parent 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 Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under that Act.

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

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

Use of our report

This report is made solely to the members of St Marys Music School Trust Limited, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the Board of Directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the Board of directors of St Mary's Music School Trust Limited those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, and its Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Malcolm Beveridge CA (Senior Statutory Auditor)
For and on behalf of
Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

2018

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

ST MARY'S MUSIC SCHOOL TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating the Statement of Comprehensive Income)

For the year ended 31 July 2018

	Notes	Unrestricted General Reserves £	Endowment Reserves £	Restricted Reserves £	2018 Total £	2017 Total £
Income from:						
Charitable activities	3	1,854,213	-	-	1,854,213	1,771,382
Donations and legacies	4	161,698	-	199,521	361,219	348,660
Other trading activities	5	44,718	-	-	44,718	52,201
Investment income	6	3,810	-	9,742	13,552	11,495
Total income		2,064,439	-	209,263	2,273,702	2,183,738
Expenditure on:						
Raising funds	11	7,685	-	75,610	83,295	51,417
Charitable activities	8	2,044,012	-	74,498	2,118,510	2,063,219
Total expenditure		2,051,697	-	150,108	2,201,805	2,114,636
Net income before investment gains		12,742	-	59,155	71,897	69,102
Net gains on investments		6,000	5,179	-	11,179	20,893
Net income for the year and net movement in funds		18,742	5,179	59,155	83,076	89,995
Reconciliation of funds						
Total funds brought forward	18	1,170,557	256,037	211,758	1,638,352	1,548,357
Total funds carried forward	18	1,189,299	261,216	270,913	1,721,428	1,638,352
		=====	=====	=====	=====	=====

The statement of financial activities includes all gains and losses recognised in the year. All of the above results are derived from continuing activities.

The notes on pages 25 to 38 form part of these accounts.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 July 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		825,276		902,774
Investments	13		567,216		256,037
			-----		-----
			1,392,492		1,158,811
Current assets					
Debtors	14	75,916		94,228	
Cash at bank and in hand		490,273		645,762	
		-----		-----	
		566,189		739,990	
Creditors: Amounts falling due within one year	15	237,215		260,409	
		-----		-----	
Net current assets			328,974		479,581
			-----		-----
Total net assets			1,721,466		1,638,392
			=====		=====
The funds of the charity					
Members' subscriptions	17		38		40
Endowment funds	18		261,216		256,037
Restricted funds	18		270,913		211,758
Unrestricted general funds	18		1,189,299		1,170,557
			-----		-----
	26		1,721,466		1,638,392
			=====		=====

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006.

The accounts were approved by the Board of Directors on _____ 2018 and signed on its behalf by:-

..... Director

William Moyes

..... Director

James Cook

Company No. SC054504

The notes on pages 25 to 38 are an integral part of these accounts.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

COMPANY BALANCE SHEET

As at 31 July 2018

	Notes	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		825,276		902,774
Investments	13		568,216		257,037
			-----		-----
			1,393,492		1,159,811
Current assets					
Debtors	14	84,685		103,163	
Cash at bank and in hand		469,043		616,223	
			-----	-----	
			553,728		719,386
Creditors: Amounts falling due within one year	15	225,754		240,805	
			-----	-----	
Net current assets			327,974		478,581
			-----		-----
Total net assets			1,721,466		1,638,392
			=====		=====
The funds of the charity					
Members' subscriptions	17		38		40
Endowment funds	18		261,216		256,037
Restricted funds	18		270,913		211,758
Unrestricted general funds	18		1,189,299		1,170,557
			-----		-----
			1,721,466		1,638,392
			=====		=====

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006.

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..... Director

William Moyes

..... Director

James Cook

Company No. SC054504

The notes on pages 25 to 38 are an integral part of these accounts.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2018

	Notes	2018	2017
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	21	130,961	208,734
Cash flows from investing activities:			
Dividends, interest and rent from investments	13,552	11,495	
Purchase of M&G Units	(300,000)	-	
Purchase of property, plant and equipment	-	(11,556)	
	-----	-----	
Net cash used in investing activities		(286,448)	(61)
Cash flows from financing activities:			
Members' subscriptions		(2)	-
		-----	-----
Change in cash and cash equivalents in the reporting period		(155,489)	208,673
Cash and cash equivalents at the beginning of the reporting period		645,762	437,089
		-----	-----
Cash and cash equivalents at the end of the reporting period		490,273	645,762
		=====	=====

The notes on pages 25 to 38 are an integral part of these accounts.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

COMPANY CASH FLOW STATEMENT

For the year ended 31 July 2018

	Notes	£	2018 £	£	2017 £
Cash flows from operating activities:					
Net cash provided by operating activities	21		139,270		195,905
Cash flows from investing activities:					
Dividends, interest and rent from investments		13,552		11,495	
Purchase of M&G Units		(300,000)		-	
Purchase of property, plant and equipment		-		(11,556)	
		-----		-----	
Net cash used in investing activities			(286,448)		(61)
Cash flows from financing activities:					
Members' subscriptions			(2)		-
			-----		-----
Change in cash and cash equivalents in the reporting period			(147,810)		195,844
Cash and cash equivalents at the beginning of the reporting period			616,223		420,379
			-----		-----
Cash and cash equivalents at the end of the reporting period			469,043		616,223
			=====		=====

The notes on pages 25 to 38 are an integral part of these accounts.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

1. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

St Mary's Music School 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 note.

The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

Basis of consolidation

These accounts consolidate the results of the Company and its subsidiary undertaking, St Mary's Music School Enterprises Limited, on a line by line basis. A separate statement of financial activities and income and expenditure account are not presented for the Company itself following exemptions afforded by section 408 of the Companies Act 2006.

Going concern

The accounts have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company 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 the accounts.

Income

Income from charitable activities is recognised in the Statement of Financial Activities when the Company becomes entitled to the income, when it is probable that the income will be received and when it can be measured with sufficient reliability.

School Fees

Income generated from school fees is recognised after the deduction of the remission awarded by the school.

Donations and gifts

Donations and gifts received for the general purpose of the Company are included as unrestricted reserves. Donations and gifts for activities restricted by the wishes of the donors are taken to restricted or endowment reserves as appropriate. Gifts in kind are included at valuation (where sufficiently material) and are recognised as income when received by the company.

Resources expended

All expenditure is included on an accruals basis and is recognised when there is a legal and constructive obligation to pay for expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

- Costs of raising funds are the direct costs associated with activities for generating income from donations, legacies and the generation of summer letting income.
- Charitable activities include expenditure associated with meeting the Company's primary objectives and include both the direct costs, support costs and the governance costs relating to these activities. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation. These costs include costs related to statutory audit, legal fees and Board training and travel costs.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

Resources expended (continued)

- All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities.

The Company is not registered for VAT and accordingly expenditure is shown gross of irrecoverable VAT.

Musical Instruments

Instruments with a material cost, such as pianos, which are expected to have a useful life in excess of one year, are capitalised within the accounts and depreciated. Miscellaneous musical instruments are expensed in the year in which they are purchased.

Pensions

The Company participates in the Scottish Public Pensions Agency Superannuation Scheme which provides benefits based on final pensionable pay. Non-teaching staff are entitled to join the Company's defined contribution scheme. The assets of the defined contribution scheme are held separately from those of the Company in independently administered funds. Contributions payable to the Schemes are charged to the Statement of Financial Activities in the year to which they relate. Any differences between contributions payable in the year and contributions paid are included in either accruals or prepayments in the balance sheet.

Fixed Assets

Tangible fixed assets costing more than £3,500 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:-

Freehold buildings	- over 50 years	Kitchen equipment	- over 5 years
Boarding house improvements	- over 10 years	Office equipment	- over 3 years
Additional classrooms	- over 10 years	Musical instruments	- over 10 years

The costs of upgrading Coates Hall and the adjacent buildings are capitalised within the freehold buildings.

Financial instruments

The Company has only basic financial assets and liabilities comprising income debtors, cash at bank and creditors for costs of charitable activities. These assets and liabilities are initially recorded at cost and subsequently at market value in the case of investments and in respect of other assets and liabilities at the amounts expected to be received or paid.

Investments

Investments are included in the accounts at market value. Realised and unrealised gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Investment gains and losses are separately disclosed in the Statement of Financial Activities. The investment in the trading subsidiary St Mary's Music School Enterprises Limited is included at cost.

Restricted reserves

The restricted reserves arise from donations given for the purposes as specified by the donors. The individual reserves and movements during the year are detailed in note 18.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

Unrestricted reserves

The unrestricted reserves are funds which the Directors are free to use in accordance with the charitable objects.

Endowment reserves

Endowment funds are invested in investments, the income from which must be spent in accordance with the terms of the endowment.

2. Turnover (Income from Charitable and Trading activities)

Income from charitable activities represents the amounts charged as school fees (including boarding fees), outreach fees that consist of income from Saturday Music Classes and other school income from concerts, catering and sundry sales. Income from trading activities includes rents and lets. Turnover is attributable to the continuing activities of St Mary's Music School.

3. Income from charitable activities (Unrestricted)	2018	2017
	£	£
School fees (gross)	2,037,151	1,926,885
Remission awarded by the School *	(272,431)	(255,635)
	-----	-----
School fees (net)	1,764,720	1,671,250
Outreach fees	60,290	64,982
Other school income	29,203	35,150
	-----	-----
Total	1,854,213	1,771,382
	=====	=====

* This is funded by the School's Bursary fund.

The net school fees are met by grants from The Scottish Government Aided Places Scheme of £1,293,806 (2017: £1,264,116), chorister fees provided by St Mary's Episcopal Cathedral of £60,929 (2017: £64,132) and fees charged to parents of £409,985 (2017: £343,002).

4. Donations and legacies	Unrestricted	Restricted	2018	2017
	£	£	Total	Total
			£	£
Grants and donations	110,567	188,521	299,088	348,660
Legacies	57,131	5,000	62,131	-
	-----	-----	-----	-----
Total	167,698	193,521	361,219	348,660
	=====	=====	=====	=====
2017	123,351	225,309	348,660	
	=====	=====	=====	

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

5. Other trading activities (Unrestricted)	2018	2017
	£	£
Summer letting – trading subsidiary	18,277	25,998
Garage letting income	26,441	26,203
	-----	-----
Total	44,718	52,201
	=====	=====

6. Investment income	Unrestricted	Restricted	2018	2017
	£	£	Total	Total
			£	£
On deposits	2,610	-	2,610	2,267
On listed investments	1,200	9,742	10,942	9,228
	-----	-----	-----	-----
Total	3,810	9,742	13,552	11,495
	=====	=====	=====	=====
2017	2,267	9,228	11,495	
	=====	=====	=====	

7. Net income for year	2018	2017
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	86,498	91,754
Auditors' remuneration - audit services	9,980	9,320
- non-audit services	5,319	6,047
	=====	=====

8. Charitable activities	Unrestricted	Restricted	2018	2017
	£	£	Total	Total
			£	£
<u>School operating costs</u>				
Teaching	1,093,809	23,363	1,117,172	1,066,155
Premises (including depreciation)	350,976	4,107	355,083	316,168
Boarding	262,303	98	262,401	247,008
Support	323,870	46,930	370,800	420,470
Bank interest and charges	2,251	-	2,251	2,216
<u>Governance costs</u>				
Audit and accountancy fees	10,803	-	10,803	11,008
Board costs of training and travel	-	-	-	194
	-----	-----	-----	-----
Total	2,044,012	74,498	2,118,510	2,063,219
	=====	=====	=====	=====
2017	1,926,980	136,239	2,063,219	
	=====	=====	=====	

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

9. Support costs	Unrestricted	Restricted	2018 Total	2017 Total
	£	£	£	£
Administration staff	267,369	-	267,369	271,274
Publicity	6,007	46,491	52,498	50,815
Telephone, postage and subscriptions	14,836	195	15,031	11,730
Computer support and maintenance	17,314	-	17,314	27,207
<u>Professional and legal fees</u>				
Ordinary	9,637	-	9,637	14,176
Development	631	-	631	36,679
Bad debt	-	-	-	754
Other	8,076	244	8,320	7,835
	-----	-----	-----	-----
	323,870	46,930	370,800	420,470
	=====	=====	=====	=====
 10. Staff costs and emoluments of employees			2018	2017
			£	£
Wages and salaries			1,336,074	1,272,511
Employer's national insurance			99,052	93,946
Pension costs			191,154	180,514
			-----	-----
			1,626,280	1,546,971
			=====	=====
			No.	No.
Average number of persons employed			119	116
Full time equivalent			43	42
			=====	=====

Key management personnel are the Directors, the Headteacher and the Bursar. No Director received any remuneration and the total remuneration, including employer pension and national insurance contributions, paid to other key management personnel was £161,281 (2017: £159,954). One employee received remuneration in the band of £60,000 - £70,000 during the year (2017: one).

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

11.Expenditure on raising funds	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Summer letting costs – trading subsidiary	7,685	-	7,685	11,882
Fundraising Consultant fees and expenses	-	75,610	75,610	39,535
	-----	-----	-----	-----
Total	7,685	75,610	83,295	51,417
	=====	=====	=====	=====
2017	11,882	39,535	51,417	
	=====	=====	=====	

12. Tangible fixed assets – Group and Company

	Property £	Equipment £	Musical Instruments £	Total £
<u>Cost</u>				
At 1 August 2017	1,904,485	91,077	130,118	2,125,680
Additions	-	-	10,000	10,000
	-----	-----	-----	-----
At 31 July 2018	1,904,485	91,077	140,118	2,135,680
	-----	-----	-----	-----
<u>Depreciation</u>				
At 1 August 2017	1,028,130	85,881	108,895	1,222,906
Charge for year	78,376	4,107	5,015	87,498
	-----	-----	-----	-----
At 31 July 2018	1,106,506	89,988	113,910	1,310,404
	-----	-----	-----	-----
<u>Net book amounts</u>				
At 31 July 2018	797,979	1,089	26,208	825,276
	=====	=====	=====	=====
At 31 July 2017	876,355	5,196	21,223	902,774
	=====	=====	=====	=====

Property includes the continuing cost of upgrading Coates Hall and the adjacent buildings. Certain buildings are B listed but are not considered to be heritage assets. A Report and Valuation carried out by DM Hall in March 2010 valued the property at Coates Hall, Edinburgh at £2,100,000 on an open market basis.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

13. Investments – Group and Company

All investments are held primarily to provide an investment return for St Mary's Music School Trust Limited.

	2018		2017	
	Group	Company	Group	Company
	£	£	£	£
UK listed investments at market value -				
- Endowment (restricted)	261,216	261,216	256,037	256,037
- Investment (unrestricted)	306,000	306,000	-	-
Investments in subsidiary at cost	-	1,000	-	1,000
	-----	-----	-----	-----
	567,216	568,216	256,037	257,037
	=====	=====	=====	=====
<u>Listed investments</u>				
Cost at 31 July 2017	184,595		184,595	
Net unrealised gain	71,442		50,550	
	-----		-----	
Market value at 31 July 2017	256,037		235,144	
Purchases at cost	300,000		-	
Net unrealised gain for the year	11,179		20,893	
	-----		-----	
Market value at 31 July 2018	567,216		256,037	
	=====		=====	
Cost at 31 July 2018	484,595		184,595	
	=====		=====	
Net unrealised gains included in market value	82,621		71,442	
	=====		=====	

The listed investments are held by the Endowment Funds of the Trust with the objective of generating income to fund expenditure on the restricted purposes of the Endowments while maintaining an appropriate level of capital growth.

In addition, an investment of unrestricted reserves was made during the year to generate an income for unrestricted expenditure, while maintaining capital growth.

The main risks to the value of the Trust's investments and the investment income generated lie in stock market volatility and global economic factors. The Directors monitor the performance of the fund and the level of fund manager's costs and are satisfied that the investment in M&G Charifund units remains appropriate at this time.

Holdings in subsidiary undertaking

The Company holds 100% of the share capital of the following company:-

Company	Country of registration or Incorporation	Principal Business	Shares Held	
			Class	%
St Mary's Music School Enterprises Limited	Scotland	Letting	Ordinary	100

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

13. Investments – Group and Company (continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial period were as follows:

	Capital & Reserves £	Result for the Year £
St Mary's Music School Enterprises Limited	1,000	-
	=====	=====

St Mary's Music School Enterprises Limited (SC177358), shares the same registered address as St Mary's Music School Trust Limited.

14. Debtors

	2018		2017	
	Group £	Company £	Group £	Company £
Outstanding school and letting fees	59,786	59,785	81,924	72,843
Other debtors and prepayments	16,130	16,130	12,304	12,304
Due from St Mary's Music School Enterprises Limited – group undertaking				
- Gift Aid	-	8,315	-	11,885
- Other	-	455	-	6,131
	-----	-----	-----	-----
	75,916	84,685	94,228	103,163
	=====	=====	=====	=====

15. Creditors: amounts falling due within one year

	2018		2017	
	Group £	Company £	Group £	Company £
Creditors and accruals	156,350	154,961	148,422	147,072
Income Tax and Social Security	23,179	23,179	25,514	25,514
Pension contributions	19,066	19,066	21,650	21,650
Income received in advance (note 16)	38,620	28,548	64,823	46,569
	-----	-----	-----	-----
	237,215	225,754	260,409	240,805
	=====	=====	=====	=====

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

16. Income received in advance

The movements on deferred income were as follows:

	At 31 July 2017 £	Deferred Income £	Released to revenue in year £	At 31 July 2018 £
Group – Income in advance	64,823 =====	38,620 =====	(64,823) =====	38,620 =====
Company – Income in advance	46,569 =====	28,548 =====	(46,569) =====	28,548 =====

Deferred income relates to fees which are received in advance.

17. Share capital

The Company is constituted as a company limited by guarantee. As at 31 July 2018 there were 38 members of the Company (2017: 40). Each member undertakes, under the terms of the Company's Memorandum of Association, to contribute a sum not exceeding £1 to the assets of the Company in the event of it being wound up.

	Balance at 31 July 2017 £	Net Gains / (Losses) on Investments £	Balance at 31 July 2018 £
18. Reserves – Company and Group			
Endowment reserves			
<u>Prizes & Scholarships</u>			
Prize Fund	21,013	232	21,245
Directors' Recital Prize	1,235	15	1,250
GAS Nicholson Summer Course Bursary	11,102	124	11,226
<u>Bursaries (School Fees)</u>			
Ms Weightman Instrumental Scholarship	23,591	262	23,853
McCallum Piano Scholarship	38,621	635	39,256
John B Rankin Piano Scholarship	56,011	621	56,632
<u>Masterclass funding</u>			
Nigel Murray	104,464	3,290	107,754
	-----	-----	-----
Total Endowment Reserves	256,037 =====	5,179 =====	261,216 =====
2017	235,144 =====	20,893 =====	256,037 =====

Endowment reserves are invested to provide income for prizes, scholarships, bursaries and masterclasses. The Bursary Fund was established following the receipt of a legacy. The income generated from the investment is used for bursaries.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

18. Reserves – Company and Group (continued)	Balance at 31 July 2017	Dividends received in the year	Donations received in the year	Funds Expended	Balance at 31 July 2018
Restricted Funds	£	£	£	£	£
<u>Prizes & Scholarships</u>					
Prize Fund	947	985	1,101	(1,961)	1,072
Directors' Recital Prize	106	58	675	(578)	261
GAS Nicholson Summer Course Bursary	5	521	-	(526)	-
Hope Scott Awards	-	-	1,000	(1,000)	-
John B Rankin Piano Prize	-	100	-	(100)	-
Wetherby Charitable Trust	-	-	150	(150)	-
<u>Bursaries (School Fees)</u>					
Bursary Fund*	83,180	1,106	74,175	-	158,461
McCallum Piano Scholarship	-	1,609	-	-	1,609
John B Rankin Piano Award	-	2,526	-	-	2,526
<u>Outreach bursaries (SMC)</u>	-	-	7,500	-	7,500
<u>Development</u>					
Expansion fund	48,661	-	-	(12,162)	36,499
Dunard for Fundraising	49,524	-	90,000	(91,758)	47,766
Warburg & Getty Trusts	22,500	-	-	(22,150)	350
<u>Masterclass funding</u>					
Nigel Murray	2,995	2,837	-	(2,303)	3,529
<u>Teaching</u>					
Syson Charitable Foundation	-	-	2,000	(2,000)	-
Wetherby Charitable Trust	-	-	7,850	(7,850)	-
Stevenston Trust	2,500	-	7,500	(7,500)	2,500
<u>Other</u>					
Instrument Fund	1,340	-	-	-	1,340
Miscellaneous	-	-	70	(70)	-
Piano Fund	-	-	7,500	-	7,500
	-----	-----	-----	-----	-----
Total Restricted Reserves	211,758	9,742	199,521	(150,108)	270,913
	=====	=====	=====	=====	=====

* The donations received in the year into the Bursary Fund include a transfer of £33,000 from general donations received in the year.

Restricted reserves are held to fund a variety of purposes as directed by the terms of the gift such as prizes and scholarships, all within the overall objects of the School.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

For the year ended 31 July 2018

18. Reserves – Company and Group (continued)

	Balance at 31 July 2017	Total income	Net gains on investment	Total expenditure	Balance at 31 July 2018
Unrestricted General Reserves	1,170,557	2,064,439	6,000	(2,051,697)	1,189,299
	=====	=====	=====	=====	=====

Unrestricted reserves are available for the advancement of the charitable objects of the Company. Note 19 describes how £825,276 of unrestricted reserves are invested in the School's tangible fixed assets. Freely available unrestricted reserves are £364,023.

19. Analysis of net assets between reserves – Group	Unrestricted Reserves Including members' subscriptions £	Endowment Reserves £	Restricted Reserves £	Total Reserves 2018 £
Reserve Balances at 31 July 2018 are represented by:				
Tangible fixed assets	825,276	-	-	825,276
Investments	306,000	261,216	-	567,216
Current assets	295,276	-	270,913	566,189
Currently liabilities	(237,215)	-	-	(237,215)
	-----	-----	-----	-----
Total net assets	1,189,337	261,216	270,913	1,721,466
	=====	=====	=====	=====

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

As at 31 July 2018

20. Financial activities of the Company

The financial activities shown in the consolidated statement includes those of the Company's related undertaking, St Mary's Music School Enterprises Limited.

A summary of the financial activities undertaken by the Company is set out below:

	2018	2017
	£	£
Income from:		
Charitable activities	1,854,213	1,771,382
Donations and legacies	361,219	348,660
Other trading activities	34,756	38,088
Investment income	13,552	11,495
	-----	-----
	2,263,740	2,169,625
Resources expended		
Charitable activities	(2,191,843)	(2,100,523)
	-----	-----
Net incoming resources before revaluation of investments	71,897	69,102
Unrealised investment gain	11,179	20,893
Realised investment loss	-	-
	-----	-----
Net movement in funds	83,076	89,995
Total funds brought forward	1,638,352	1,548,357
	-----	-----
Total funds carried forward	1,721,428	1,638,352
	=====	=====

21. Reconciliation of consolidated net income to consolidated net cash flow from operating activities

	2018		2017	
	Group	Company	Group	Company
	£	£	£	£
Net surplus for the year	83,076	83,076	89,995	89,995
Unrealised gains on investments	(11,179)	(11,179)	(20,893)	(20,893)
Interest and investment income	(13,554)	(13,554)	(11,495)	(11,495)
Depreciation	87,498	87,498	91,754	91,754
Donated assets	(10,000)	(10,000)	-	-
Decrease/(Increase) in debtors	18,313	18,479	(13,621)	(20,272)
(Decrease)/Increase in creditors	(23,193)	(15,050)	72,994	66,816
	-----	-----	-----	-----
Net cash provided by operating activities	130,961	139,270	208,734	195,905
	=====	=====	=====	=====

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

As at 31 July 2018

22. Taxation

The Company is recognised as having charitable status by HM Revenue and Customs for taxation purposes.

23. Banking

The Clydesdale Bank PLC has a standard security over the premises at Coates Hall, Edinburgh.

24. Related party disclosures

Certain of the Directors were parents of pupils at the School and as such have arm's length transactions in relation to payment of school fees.

Donations of £11,125 have been received from Directors during the year.

The Company is due £8,315 (2017: £11,885) in Gift Aid from St Mary's Music School Enterprises Limited for the year to 31 July 2018. A balance of £455 is also due to the Company in respect of the recharge of costs incurred on behalf of St Mary's Music School Enterprises Limited.

25. Pension commitments

The Scottish Teachers' Superannuation Scheme is a multi-employer defined benefit scheme which, in common with other Government pension schemes, is unfunded. The Company is unable to identify its share of the underlying liabilities of the scheme and therefore accounts for the contributions to the scheme as if it were a defined contribution scheme.

A full actuarial valuation of the scheme was carried out on data as at 31 March 2012 (completed 27 February 2015). The results of this valuation identified a notional fund shortfall of £1.3 billion which is to be repaid by a supplementary rate of 4.5% of employers' pension contributions for 15 years from 1 April 2015. This supplementary rate is included in the employers rate of 17.2% which was payable from 1 September 2015. Employees contribute on a sliding scale. The next valuation based on scheme data as at 31 March 2016 is currently ongoing and any changes arising from that valuation will apply from 1 April 2019.

The pension cost for the Staff who were members of this scheme during the year was £122,798 and has been charged to the income and expenditure account. There are employee and employer contributions of £12,190 for July 2018 which were due to be paid to the scheme after the year end.

The Company also contributes to a defined contribution scheme in respect of other Staff. The employee basic contribution rate is 7% while the employer contribution rate is 17.2%. The pension cost for the year was £68,355 and has been charged to the income and expenditure account. There are employee and employer contributions of £6,876 for July 2018 which were due to be paid to the scheme after the year end.

ST MARY'S MUSIC SCHOOL TRUST LIMITED

NOTES to the ACCOUNTS

As at 31 July 2018

26. Reconciliation of capital and reserves – Group

	2018	2017
	£	£
At 1 August 2017	1,638,392	1,548,397
Surplus for the year	83,076	89,995
Members' subscriptions (net movement)	(2)	-
	-----	-----
At 31 July 2018	1,721,466	1,638,392
	=====	=====