



**ST MARY'S MUSIC SCHOOL TRUST LIMITED**  
**CONSOLIDATED REPORT and ACCOUNTS**  
For the year ended 31 July 2017

# 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 Rt Rev Brian Smith

Paul Baxter  
Graham Burnside  
James Cook  
John Elliot  
Katrina Heathcote appointed 24 March 2017  
Alistair Hector appointed 21 February 2017  
Jacqui Low resigned 18 January 2017  
Gavin Gemmell, CBE  
Brian Gill resigned 24 September 2017  
Neil Short  
Pauline Taylor resigned 30 June 2017  
Christian Torkington

The Board is a self-appointing body.

### Senior Staff

Headteacher Dr Kenneth Taylor, BSc Hons, PhD, PGCE, PG Dip

Bursar & Company Secretary Pamela Young retired 31 July 2017

Dr JoAnna Ruth Collings appointed 1 August 2017

**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

St Mary's Music School had another highly successful year in 2016/2017. Musically and academically excellent results were achieved and Dr Kenneth Taylor's report on pages 6 to 8 sets out a detailed account of the year's achievements.

These strong results reflect the sterling efforts of the School's dedicated teachers and support staff under the leadership of Dr Taylor and the Board is grateful to him and his team for their excellent work. A special thanks goes to Pamela Young who retired at the end of July 2017 after 44 years as School Bursar. We wish Pamela a long and happy retirement and we welcome her successor Dr JoAnna Collings.

The Board and its various Committees had another busy year. We were sorry to lose Jacqui Low who retired in January 2017 having given the Board much valuable service. We are also grateful to Pauline Taylor, who stood down from the Board at the end of June 2017, for her contribution to the Board's work as Chairman of the Pupil Welfare Committee. 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. During the year we welcomed to the Board Alistair Hector and Katrina Heathcote. Alistair Hector was for many years the distinguished Headteacher of George Heriot's School and he brings to the Board substantial educational experience. Katrina Heathcote has a wealth of business experience in a variety of roles and is also the parent of a former pupil of the School.

In addition to training talented instrumentalists the School is the Choir School of St Mary's Episcopal Cathedral. During the year the Very Reverend Dr Graham Forbes retired as Provost of the Cathedral. Graham has been hugely supportive of the School and was a Director between 1990 and 2008. We wish him well in retirement and welcome his successor, the Very Reverend John Conway.

Looking ahead, our vision is to substantially increase the number of musically gifted children whom the School can educate in an inspiring, inclusive and supportive environment. We also want to develop our existing Outreach Programme, building on our long established programme of Saturday Music Classes which enable local children to discover the wonders of music.

Over the past 2.5 years we have started to see the possibility of this vision turning into reality through the School's potential migration to the former Royal High School. Since it was established in April 2015 the Royal High School Preservation Trust (RHSPIT), which is backed by the philanthropic Dunard Fund, has made excellent progress in its plans to convert the former Royal High School building into a new home for St Mary's Music School. A move to the former Royal High School would be transformational, providing modern, state of the art facilities for music education and concerts, and enabling us to expand from 80 pupils, the optimum capacity of the constrained Coates Hall site, to 120 pupils. Our Outreach Programme and public engagement would also be substantially enhanced.

During the year the Board engaged consultants to prepare an Impact Assessment and, separately, a Business Plan on the implications of such a move. Following a full review of the consultants' reports the Board concluded that moving to the former Royal High School site is now the preferred development route for the School.

## ST MARY'S MUSIC SCHOOL TRUST LIMITED

### CHAIRMAN'S STATEMENT (continued)

The RHSPT was granted planning permission in August 2016. Subsequently, under the guidance of Peter Thierfeldt of Partnership Matters Consulting Ltd, who was contracted by the school from January 2017, a campaign was launched under the title "Perfect Harmony" to support the relocation of the School to the former Royal High School site. The campaign calls upon everyone who cares about the nation's cultural and educational future to support the move. The Perfect Harmony campaign will run until a final decision is made on the future of the rival hotel development plans, both of which have been refused planning permission. The developers' most recent proposal was unanimously rejected by Edinburgh City Council on 31 August 2017. It, together with the rejected earlier hotel application, is now the subject of an appeal which will ultimately be determined by Scottish Ministers.

Finally, I want to thank the Scottish Government for their continuing support. We are also very grateful to St Mary's Episcopal Cathedral and to a wide range of benefactors whose generosity, combined with rigorous control of costs, has enabled us to achieve a small operating surplus for the year. The operating surplus of £10,339 is shown in the Consolidated Statement of Financial Activities on page 22 as the net movement in unrestricted general reserves.

The positive movement in endowment reserves, which is shown separately on page 22, reflects gains from the appreciation in the value of investments. Meanwhile the favourable movement in restricted reserves (also shown on page 22) reflects the funding provided by various benefactors for work associated with the possible migration to the former Royal High School site. The restricted reserves surplus at the year end is due to the fact that not all of the funding provided in 2016/2017 was utilised during the year. Some further costs, utilising these reserves, will be incurred in 2017/18.

Capital expenditure has continued to be curtailed. As in the past, the School has received no Scottish Government funding for capital expenditure either for buildings or for equipment, including musical instruments.

We entered the 2017/2018 school year with enthusiasm, energy and growing confidence that migration to the former Royal High School will, in the fullness of time, become a reality.

William Moyes  
Chairman

November 2017

## ST MARY'S MUSIC SCHOOL TRUST LIMITED

### HEADTEACHER'S REPORT

**The following is an edited version of the Headteacher's Speech at the Prize-giving at the end of session 2016/17.**

The Headteacher's review will outline events of the year and focus 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 Seamus Heath and Will Fielding's performance of Stravinsky's Rite of Spring with dancers from The Dance School of Scotland, the Choristers, String Ensemble, Choir, Trad. Group and the School Orchestra led by Sophie Williams, conducted by Will Conway. Seamus and Will had already provided this music for the Annual Showcase of the Dance School of Scotland at the Glasgow Royal Concert Hall in mid-June.

The Directors' Recital Prize was another highlight of the year. This year the competition attracted twenty one pupil entries. The eventual winner Ryan Corbett and finalists, Will Fielding, Hugh Mackay and Sophie Williams provided a fantastic concert. Our Junior Recital prize attracted nineteen entries and the Intermediate Recital Prize had seventeen entries.

I would like to pay tribute to the school's former Chair of the Board Hugh MacLennan and Director Lady Marion Fraser who were both great supporters of the school and who died during the session. Also in our thoughts is violin maker Neil Ertz a former pupil who died earlier this year aged 50. Several of our pupils play on violins made by Neil.

#### **Education and National Issues**

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

We continue to link with the Choir Schools Association of Great Britain who will enjoy their centenary next 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 in 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, the Tommy Smith Youth Jazz Orchestra and the National Youth Choirs of Scotland.

#### **Session Developments**

The session started with a roll of 79 pupils plus one Pathways pupil. Next session we will be starting with 80 Pupils.

In academic music we have prepared S4 pupils for the Cambridge iGCSE in Music and S5 have been working towards the Cambridge pre-U Qualification. We have revised all school policies relating to safeguarding. Through involvement of pupils, staff, parents, the Cathedral and directors we have established the following set of school values. The school's purpose is to enable young musicians to excel in a safe and supportive culture that is creative, inclusive and committed. **Creative** means fostering new and expressive work through inspiration, imagination and reflection. **Inclusive** means helpful and cooperative within our community, welcoming and respectful to all. **Committed** means dedicated to our work, responsible and reliable.

# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## HEADTEACHER'S REPORT (continued)

### 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 94% at National 5, 100% at Higher, 95% at Advanced Higher and 100% at A Level.

The school was awarded Eco-Schools Green Flag Status for the third time.

Pupils gave three concerts as part of the Edinburgh Festival Fringe, a Doors Open Organ recital at St Stephen's Centre; the Royal Overseas League Arts Launch; the inaugural concert of The Royal Scots Young Musicians Scheme; the Edinburgh Art Fair; the Scottish Enterprise Rural Leaders conference; the Waverley Care Tartan Ribbon Dinner. The Christmas Concert included contributions from our Choir, the Clarsach duo, string ensemble, the accordion ensemble, senior jazz ensemble, Bizet from the senior orchestra; with the concert rounded off by the Choristers joining the orchestra to sing an extract from 'The Snowman'.

#### Term 2

Thirteen pupils gave performances for our Internal Concerto Competition for the Lord Clyde Performance Prize, adjudicated by Christian Elliot. The winner Ryan Corbett performed Fairy Tales for Accordion and Orchestra by Vaclav Trojan at our Spring Concert which also contained a performance of Finzi Lo The Full Final Sacrifice, Benjamin Britten 'A time There Was' and Bach Brandenburg Concerto No 4.

This year Hugh Mackay and Ryan Corbett were finalists in the Edinburgh Competition Festival Concerto Competition.

In March seven pupils and Mr Stubbings visited the Royal Northern College of Music in Manchester to take part in the Chamber Music Festival. Chamber Music also featured in the Rush Hour Chamber Music Concert at St Andrew's and St George's West Church and a lunchtime concert in St Andrews. The Senior String Quartet played Kodaly at Greyfriar's Kirk, the School Art Awards in late March as well as the RNCM Chamber Music Festival. A Piano Trio played Brahms at Lady Marion Fraser's memorial service at St Giles Cathedral and the saxophone ensemble played at the SCO's Season launch.

#### Term 3

On Friday 18 May the Nigel Murray Masterclass took place in Stockbridge Parish Church. Over 330 people, including violin teachers and pupils from all over Scotland, were in attendance as 5 of our senior violinists played for Nicola Benedetti.

Our fifth Junior Jazz Concert took place in the Dining Hall on 30 May. The Senior Jazz Concert at the Jam House saw Intermediate Jazz, The Jazz Combo and Senior Jazz groups give accomplished performances under the direction of Richard Ingham.

In June our Junior Instrumentalists had a two day visit to York which incorporated a lunch time concert and the Gaelic club performed a play at the Scottish Storytelling Centre in collaboration with pupils from James Gillespies High School.

### 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.

## ST MARY'S MUSIC SCHOOL TRUST LIMITED

### HEADTEACHER'S REPORT (continued)

Performing opportunities for our pupils are many and varied and at every level, both within the curriculum and outwith, local and national. We perform an astonishing number of concerts at a variety of levels and in a variety of locations including our internal lunch-time concerts and local Edinburgh concerts. Our ABRSM practical exam results have been impressive.

#### **Choristers**

In November there was a joint service of choral evensong with the choirs of St Giles Cathedral and Paisley Abbey and two performances of Opera North's production of Suor Angelica in early December followed by two chorister carol concerts and The Mercy Ship's carol service. Over the year they recorded works by Mundy for Delphian Records. In March they were joined by Durham Cathedral Choir for joint services. In April, four choristers were involved in the Radio 4 broadcast – Bach, The Great Passion. In May the Choristers sang a service at St Andrew's, Kelso and sang with pupils from Roseburn Primary School in the Cathedral.

#### **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.

Finally, we say farewell to 3 longstanding and key members of our team.

**Caroline Snell** initially taught Oboe from January 2001 becoming the full-time teacher of English from September 2003. Her classes have produced consistently strong academic results and the school has enjoyed a great record in debating and public speaking under her leadership.

**Pam Turley** was a Graduate of Royal College of Music having been a double first study: clarinet and piano. She was a Teacher at the Royal College of Music Junior department for 7 years before joining our staff in 1978/9 until 1982 when her son was born. She re-joined the school in 1988 and since then has given aural training and taught clarinet and wind chamber music. Her pupils have enjoyed a remarkable level of success with at least five second or third study pupils being 'converted' by Pam while they were with her, leaving for further study and careers as clarinetists.

**Pam Young** has been involved with St Marys for over 40 years. She started on a part time basis around 1973 working mainly from home. Gradually the school and job grew. There have been many changes. The original base of Old Coates House grew to include Belford Gardens and Eglinton Crescent (both buildings donated to the school). Further expansion culminated in the sale of Eglinton and Belford and the move to Palmerston Place from where the school again moved to its present location at Coates Hall. The school and its wellbeing has always been the most important matter as far as Pam is concerned. Her straightforward and often forthright views on finance and management are one of the reasons we have a thriving music school in Scotland with a forty-odd year history.

Kenneth Taylor

2017



# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 July 2017.

### 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. Government funding, up to 100%, is available through The St Mary's Music School (Aided Places) (Scotland) Regulations 2015 to assist with the cost of tuition and boarding fees for up to 45 instrumentalists and tuition fees for up to 6 choristers. Cathedral Bursaries, currently around 50% of chorister fees, are awarded by St Mary's Episcopal Cathedral to another 17 choristers. Around 16 pupils are supported by bursaries provided by the School through fundraising and funds generated by St Mary's Music School Enterprises Limited.

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 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

## **ST MARY'S MUSIC SCHOOL TRUST LIMITED**

### **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 2017**

The extract from the Headteacher's Speech at prize-giving at the end of session 2016/17 which forms part of this report gives a detailed synopsis of the principal activities of the year to 31 July 2017.

##### **Objectives for Session 2016/17**

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
- To work with consultants Nevin Associates to produce a business plan

Strategies to achieve the year's objectives included:

- Legacy giving promoted on website and concert programmes
- Successful fundraising
- Careful budgeting and monitoring of expenditure
- Extensive consultation with RHSPT and Nevin Associates

##### **Review of achievements and activities**

The session once again saw good performance in public examinations with a 93% pass rate overall. 100% pass rate was achieved at A Level, with an 87% pass rate at Advanced Higher, 88% pass rate at Higher and 97% pass rate at National 5. 69% 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. 24 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 and sing in the National Youth Choir of Scotland.

As well as being Scotland's specialist music school for instrumentalists, composers and singers, the School also educates the choristers of St Mary's 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 £348,660 in donations, fundraising and gifts in kind was received in the year ended 31 July 2017. Included in this sum was £90,000 from the 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 2017 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 £69,102 (2016: surplus £111,133).

#### **Aided Places Scheme**

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 financial assistance towards the costs of fees for 45 instrumental pupils and up to 6 chorister pupils. Remission on fees is based on a sliding scale linked to family income and is subject to annual means-testing. There are also places available on the same basis through the School's Bursary scheme.

In the academic year 2016-17 there were a total of 73 pupils in receipt of financial assistance from either the Scottish Government or the School's bursary fund. From these two sources the value of means-tested remission awards in 2016-17 amounted to £1,519,751.

# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## DIRECTORS' REPORT (continued)

### Aided Places Scheme (continued)

The range of awards is as follows:

Percentage of award	Number of pupils
41 – 60%	4 beneficiaries
61 – 80%	17 beneficiaries
81 – 100%	52 beneficiaries (of whom 14 received 100%)

### Non means-tested fee remissions

All choristers not holding an Aided Places are awarded a Cathedral bursary of at least 50% of the full fee. The value of Cathedral Bursaries in 2016-17 was £64,132 awarded to 13 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 2017 amounted to £1,170,557 of which £902,774 is invested in fixed assets leaving available liquid reserves of £267,783. 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 listed M & G Charifund, and the Directors note the increase in the fund value by £20,893 to £256,037 at 31 July 2017. The objectives of the investments are to generate income for certain restricted fund expenditure, while maintaining an appropriate level of capital growth.

## **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 2017/18 School fees will be increased by 2% from 2016/17.

The priorities and key objectives for 2017/18 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.

##### **Communications Committee**

Jacqui Low (Chair to January 2017), Paul Baxter (Chair from February 2017), Chris Torkington, Katrina Heathcote (from March 2017)

Staff: John Cameron (Head of Keyboard), Heather Innes (IT Administrator), Paul Stubbings (Director of Music), Kenneth Taylor, Pamela Young (to July 2017), JoAnna Collings (from August 2017)

Advisers: Hazel Sheppard (Concerts & Publicity Administrator), Felicity MacFarlane (Indigo PR), Peter Thierfeldt (Partnership Matters – from January 2017)

The Committee's task is to develop and secure the delivery of a strategy of all aspects of communications and to monitor media coverage of the school.

## **ST MARY'S MUSIC SCHOOL TRUST LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Structure, governance and management (continued)**

##### **Education Committee**

Brian Smith (Chair), Brian Gill (to September 2017), Neil Short, Pauline Taylor (to June 2017), Alastair Hector (from July 2017)

Staff: John Cameron, Duncan Ferguson (Master of the Cathedral Music), Frances Findlay (Depute Headteacher), Yvonne Jarron (Head of Primary), Paul Stubbings, Kenneth Taylor, Pamela Young (to July 2017), JoAnna Collings (from August 2017)

The Committee's task is to satisfy themselves that the School's educational policies, planning, staffing and recruitment and auditioning of pupils reflect best educational practice and to provide informed advice to the Board of Directors, the Headteacher and the School Management Team.

##### **Finance and General Purposes Committee**

James Cook (Chair), Graham Burnside, Jo Elliot

Staff: Kenneth Taylor, Pamela Young (to July 2017), JoAnna Collings (from August 2017), Jade Roy (Finance Manager - from September 2017)

The Finance and General Purposes Committee is responsible to the Board for the finances of the School, including financial strategy, budget setting, annual accounts, monitoring of investment activity and authorisation of routine capital expenditure. In addition, the Committee is responsible for the maintenance and care of School buildings and grounds.

##### **Fundraising Committee**

Gavin Gemmell (Chair), Paul Baxter, Brian Gill (to September 2017), Jacqui Low (to January 2017), Chris Torkington

Staff: Kenneth Taylor, Pamela Young (to July 2017), JoAnna Collings (from August 2017)

Advisers: Hazel Sheppard and Peter Thierfeldt (Partnership Matters – from January 2017)

The Committee's task is to consider, review and implement strategies for fundraising.

##### **Remuneration, HR and Nominations Committee**

Graham Burnside (Chair), Neil Short, Christian Torkington

Staff: Kenneth Taylor, Pamela Young (to July 2017), JoAnna Collings

The Committee's task is to review the remuneration scales and terms of employment of all categories of Staff and to make recommendations in respect thereof to the Board of Directors. The committee also recommends candidates for appointment or reappointment to the Board and its committees, and ensures that the School's policies and processes for all aspects of non-executive appointments are fit for purpose.

##### **Safeguarding Committee, previously Pupil Welfare Committee**

Pauline Taylor (Chair to June 2017), Graham Burnside (Chair from July 2017), Neil Short

Staff: Kenneth Taylor, Greg Murray (Head of Guidance), Michelle Patton (Boarding House Managers), Pamela Young (to July 2017), JoAnna Collings (from August 2017)

## **ST MARY'S MUSIC SCHOOL TRUST LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Structure, governance and management (continued)**

##### **Safeguarding Committee, previously Pupil Welfare Committee (continued)**

The Committee's task is to ensure on behalf of the Board that proper procedures are in place relating to the safeguarding and health & safety of pupils and staff by ensuring that staff have the necessary experience and qualifications to discharge their safeguarding responsibilities, that clear guidelines are documented on each member of staff's responsibilities and to review safeguarding and health & safety incidents.

##### **Strategy Committee**

Jo Elliot (Chair), James Cook, Gavin Gemmell, Jacqui Low (to January 2017), William Moyes, Paul Baxter (from February 2017)

Staff: Kenneth Taylor, Pamela Young (to July 2017), JoAnna Collings (from October 2017)

The Committee's task is to consider how expansion may be achieved and to lead negotiations on the possible relocation of the school to the former Royal High School building.

##### **Remuneration of Key Management Personnel**

Key Management Personnel are the Directors and the Headmaster and the Bursar. The Directors receive no remuneration 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.

None of the directors received remuneration or other benefit from their work with the charity. Any contractual relationship must be disclosed and notes of interest are retained in written form.

Two of the directors had children attending the School. Generally this does not affect their capability to make independent and fair decisions but, if there is a specific situation where there may be conflicted interests, directors will remove themselves from meetings.

During the year, gifts in cash valued at £41,381 were received from members of the Board and have been included in the total of donations.

##### **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.

## **ST MARY'S MUSIC SCHOOL TRUST LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Principal Risks and uncertainties (continued)**

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 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.

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 adequately mitigated to the extent necessary and practicable.



## **ST MARY'S MUSIC SCHOOL TRUST LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **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.

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

### **Opinion**

We have audited the accounts of St Mary's Music School Trust Limited for the year ended 31 July 2017 which comprise the Group Statement of Financial Activities, the Group and parent charitable company Statements of Financial Position, the Group 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 2017, and of the group's and parent charitable company's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (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 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 account 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;
- we have not received all the information and explanations we require for our audit;

**Responsibilities of the Directors**

As explained more fully in the Directors' Responsibilities set out on page 17, the Directors are 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.

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 section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 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 BA CA (Senior Statutory Auditor)  
For and on behalf of  
Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

\_\_\_\_\_ 2017

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 2017

	Notes	Unrestricted General Reserves £	Endowment Reserves £	Restricted Reserves £	2017 Total £	2016 Total £
<b>Income from:</b>						
Charitable activities	3	1,771,382	-	-	1,771,382	1,854,619
Donations and legacies	4	123,351	-	225,309	348,660	207,085
Other trading activities	5	52,201	-	-	52,201	45,983
Investment income	6	2,267	-	9,228	11,495	8,350
<b>Total income</b>		1,949,201	-	234,537	2,183,738	2,116,037
<b>Expenditure on:</b>						
Raising funds	11	11,882	-	39,535	51,417	8,102
Charitable activities	8	1,926,980	-	136,239	2,063,219	1,996,802
<b>Total expenditure</b>		1,938,862	-	175,774	2,114,636	2,004,904
<b>Net income before investment gains</b>		10,339	-	58,763	69,102	111,133
<b>Net gains on investments</b>		-	20,893	-	20,893	5,649
<b>Net income for the year and net movement in funds</b>		10,339	20,893	58,763	89,995	116,782
<b>Reconciliation of funds</b>						
Total funds brought forward	18	1,160,218	235,144	152,995	1,548,357	1,431,575
<b>Total funds carried forward</b>	18	1,170,557	256,037	211,758	1,638,352	1,548,357

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 37 form part of these accounts.

**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**CONSOLIDATED BALANCE SHEET**

As at 31 July 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	12		902,774		982,972
Investments	13		256,037		235,144
			-----		-----
			1,158,811		1,218,116
<b>Current assets</b>					
Debtors	14	94,228		80,607	
Cash at bank and in hand		645,762		437,089	
		-----		-----	
		739,990		517,696	
<b>Creditors:</b> Amounts falling due within one year	15	260,409		187,415	
		-----		-----	
<b>Net current assets</b>			479,581		330,281
			-----		-----
<b>Total net assets</b>			1,638,392		1,548,397
			=====		=====
<b>The funds of the charity</b>					
Members' subscriptions	17		40		40
Endowment funds	18		256,037		235,144
Restricted funds	18		211,758		152,995
Unrestricted general funds			1,170,557		1,160,218
			-----		-----
	26		1,638,392		1,548,397
			=====		=====

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 \_\_\_\_\_ and signed on its behalf by:-

..... Director

William Moyes

..... Director

James Cook

**Company No. SC054504**

The notes on pages 25 to 37 are an integral part of these accounts.

**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**COMPANY BALANCE SHEET**

As at 31 July 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	12		902,774		982,972
Investments	13		257,037		236,144
			-----		-----
			1,159,811		1,219,116
<b>Current assets</b>					
Debtors	14	103,163		82,891	
Cash at bank and in hand		616,223		420,379	
		-----		-----	
		719,386		503,270	
<b>Creditors:</b> Amounts falling due within one year	15	240,805		173,989	
		-----		-----	
<b>Net current assets</b>			478,581		329,281
			-----		-----
<b>Total net assets</b>			1,638,392		1,548,397
			=====		=====
<b>The funds of the charity</b>					
Members' subscriptions	17		40		40
Endowment funds	18		256,037		235,144
Restricted funds	18		211,758		152,995
Unrestricted general funds			1,170,557		1,160,218
			-----		-----
			1,638,392		1,548,397
			=====		=====

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 \_\_\_\_\_ and signed on its behalf by:-

..... Director

William Moyes

..... Director

James Cook

**Company No. SC054504**

The notes on pages 25 to 37 are an integral part of these accounts.

**ST MARY'S MUSIC SCHOOL TRUST LIMITED****CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 July 2017**

	Notes	2017	2016
		£	£
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	21	208,734	192,670
<b>Cash flows from investing activities:</b>			
Dividends, interest and rent from investments		11,495	8,350
Purchase of M&G Units		-	(50,000)
Purchase of property, plant and equipment		(11,556)	(4,052)
<b>Net cash used in investing activities</b>		<b>(61)</b>	<b>(45,702)</b>
<b>Cash flows from financing activities:</b>			
Members' subscriptions		-	(2)
<b>Change in cash and cash equivalents in the reporting period</b>		<b>208,673</b>	<b>146,966</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>437,089</b>	<b>290,123</b>
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>645,762</b>	<b>437,089</b>

The notes on pages 25 to 37 are an integral part of these accounts.



# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## NOTES to the ACCOUNTS

For the year ended 31 July 2016

### 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.

#### **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.

#### **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.

#### **Income**

Income 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.

#### **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.
- 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.

# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## NOTES to the ACCOUNTS

For the year ended 31 July 2017

### **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 profit and loss 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). Realised and unrealised gains 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.

### **Unrestricted reserves**

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

# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## NOTES to the ACCOUNTS

For the year ended 31 July 2017

### 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 the Part-time Pathways to Specialism Scheme as noted in the Directors' Report 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.

<b>3. Income from charitable activities (Unrestricted)</b>	<b>2017</b>	<b>2016</b>
	£	£
School fees (gross)	1,926,885	1,936,864
Remission awarded by the School *	(255,635)	(188,620)
	-----	-----
School fees (net)	1,671,250	1,748,244
Outreach fees	64,982	72,613
Other school income	35,150	33,762
	-----	-----
Total	1,771,382	1,854,619
	=====	=====

\* This is funded by both unrestricted reserves and restricted donations to the Bursary fund.

The net school fees are met by grants from The Scottish Government of £1,264,116 (2016: £1,281,374), chorister fees provided by St Mary's Cathedral of £64,132 (2016: £88,373) and fees charged to parents of £343,002 (2016: £378,497).

<b>4. Donations and legacies</b>	<b>Unrestricted</b>	<b>Endowment</b>	<b>Restricted</b>	<b>2017</b>	<b>2016</b>
	£	£	£	Total	Total
				£	£
Grants and donations	123,351	-	225,309	348,660	156,085
Legacies	-	-	-	-	51,000
	-----	-----	-----	-----	-----
Total	123,351	-	225,309	348,660	207,085
	=====	=====	=====	=====	=====
2016	101,029	50,000	56,056	207,085	
	=====	=====	=====	=====	

**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**NOTES to the ACCOUNTS**

For the year ended 31 July 2017

<b>5. Other trading activities (Unrestricted)</b>	<b>2017</b>	<b>2016</b>
	£	£
Summer letting – trading subsidiary	25,998	21,012
Garage letting income	26,203	24,971
	-----	-----
Total	52,201	45,983
	=====	=====

<b>6. Investment income</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2017</b>	<b>2016</b>
	£	£	Total	Total
			£	£
On deposits	2,267	-	2,267	1,206
On listed investments	-	9,228	9,228	7,144
	-----	-----	-----	-----
Total	2,267	9,228	11,495	8,350
	=====	=====	=====	=====
2016	1,206	7,144	8,350	
	=====	=====	=====	

<b>7. Net income for year</b>	<b>2017</b>	<b>2016</b>
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	91,754	93,674
Auditors' remuneration - audit services	9,320	10,150
- non-audit services	6,047	5,806
	=====	=====

<b>8. Charitable activities</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2017</b>	<b>2016</b>
	£	£	Total	Total
			£	£
<u>School operating costs</u>				
Teaching	1,010,018	56,137	1,066,155	1,042,131
Premises (including depreciation)	313,411	2,757	316,168	341,395
Boarding	246,776	231	247,008	242,777
Support (see note 9)	343,566	76,904	420,470	355,338
Bank interest and charges	2,216	-	2,216	2,312
<u>Governance costs</u>				
Audit and accountancy fees	10,798	210	11,008	12,647
Board costs of training and travel	194	-	194	202
	-----	-----	-----	-----
Total	1,926,980	136,239	2,063,219	1,996,802
	=====	=====	=====	=====
2016	1,972,862	23,940	1,996,802	
	=====	=====	=====	

**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**NOTES to the ACCOUNTS**

**For the year ended 31 July 2017**

<b>9. Support costs</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2017 Total</b>	<b>2016 Total</b>
	£	£	£	£
Administration staff	271,274	-	271,274	247,850
Publicity	11,317	39,498	50,815	52,514
Telephone, postage and subscriptions	11,497	233	11,730	11,677
Computer support and maintenance	26,754	453	27,207	18,423
<u>Professional and legal fees</u>				
Ordinary	14,176	-	14,176	12,117
Development	-	36,679	36,679	6,370
Bad debt	754	-	754	-
Other	7,794	41	7,835	6,387
	-----	-----	-----	-----
	343,566	76,904	420,470	355,338
	=====	=====	=====	=====

<b>10. Staff costs and emoluments of employees</b>	<b>2017</b>	<b>2016</b>
	£	£
Wages and salaries	1,272,511	1,252,674
Employer's national insurance	93,946	86,261
Pension costs	180,514	178,521
	-----	-----
	1,546,971	1,517,456
	=====	=====
	<b>No.</b>	<b>No.</b>
Average number of persons employed	116	114
Full time equivalent	42	40
	=====	=====

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 £159,954 (2016: £149,964). One employee received remuneration in the band of £60,000 - £70,000 during the year (2016: one).

Out of pocket travel and subsistence expenses, totalling £194 (2016: £202) were reimbursed to one director.

**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**NOTES to the ACCOUNTS**

**For the year ended 31 July 2017**

11.Expenditure on raising funds	Unrestricted	Restricted	2017	2016
	£	£	Total	Total
			£	£
Summer letting costs – trading subsidiary	11,882	-	11,882	8,102
Fundraising Consultant fees	-	39,535	39,535	-
	-----	-----	-----	-----
Total	11,882	39,535	51,417	8,102
	=====	=====	=====	=====
2016	8,102	-	8,102	
	=====	=====	=====	

**12. Tangible fixed assets – Group and Company**

	Property	Equipment	Musical	Total
	£	£	Instruments	£
			£	£
<u>Cost</u>				
At 1 August 2016	1,892,929	91,077	130,118	2,114,124
Additions	11,556	-	-	11,556
	-----	-----	-----	-----
At 31 July 2017	1,904,485	91,077	130,118	2,125,680
	-----	-----	-----	-----
<u>Depreciation</u>				
At 1 August 2016	946,397	79,875	104,880	1,131,152
Charge for year	81,733	6,006	4,015	91,754
	-----	-----	-----	-----
At 31 July 2017	1,028,130	85,881	108,895	1,222,906
	-----	-----	-----	-----
<u>Net book amounts</u>				
At 31 July 2017	876,355	5,196	21,223	902,774
	=====	=====	=====	=====
At 31 July 2016	946,531	11,203	25,238	982,972
	=====	=====	=====	=====

Freehold land and buildings include 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 2017

### 13. Investments – Group and Company

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

	2017		2016	
	Group £	Company £	Group £	Company £
UK listed investments at market value	256,037	256,037	235,144	235,144
Investments in subsidiary at cost	-	1,000	-	1,000
	-----	-----	-----	-----
	256,037	257,037	235,144	236,144
	=====	=====	=====	=====
<u>Listed investments</u>				
Cost at 31 July 2016		184,594		134,594
Net unrealised gain		50,550		44,901
		-----		-----
Market value at 31 July 2016		235,144		179,495
Purchases at cost		-		50,000
Net unrealised gain for the year		20,893		5,649
		-----		-----
Market value at 31 July 2017		256,037		235,144
		=====		=====
Cost at 31 July 2017		184,595		184,594
		=====		=====
Net unrealised gains included in market value		71,442		50,550
		=====		=====

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.

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 have mitigated these risks by investing in M&G Charifund units which are specifically designed for the charity sector. 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 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 2017**

**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:

	<b>Capital &amp; Reserves</b>	<b>Result for the Year</b>
	£	£
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**

	<b>2017</b>		<b>2016</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	£	£	£	£
Outstanding school and letting fees	81,924	72,843	69,125	60,324
Other debtors and prepayments	12,304	12,304	11,482	11,482
Due from St Mary's Music School Enterprises Limited – group undertaking				
- Gift Aid	-	11,885	-	11,085
- Other	-	6,131	-	-
	-----	-----	-----	-----
	94,228	103,163	80,607	82,891
	=====	=====	=====	=====

**15. Creditors: amounts falling due within one year**

	<b>2017</b>		<b>2016</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	£	£	£	£
Creditors and accruals	148,422	147,072	125,103	123,803
Income Tax and Social Security	25,514	25,514	21,713	21,713
Pension contributions	21,650	21,650	18,337	18,337
Income received in advance (note 16)	64,823	46,569	22,262	10,136
	-----	-----	-----	-----
	260,409	240,805	187,415	173,989
	=====	=====	=====	=====



**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**NOTES to the ACCOUNTS**

For the year ended 31 July 2017

**16. Income received in advance**

The movements on deferred income were as follows:

	At 31 July 2016	Deferred Income	Released to revenue in year	At 31 July 2017
	£	£	£	£
Group – Income in advance	22,262	64,823	(22,262)	64,823
	=====	=====	=====	=====
Company – Income in advance	10,136	46,569	(10,136)	46,569
	=====	=====	=====	=====

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 2017 there were 40 members of the Company (2016: 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.

18. Reserves – Company and Group	Balance at 31 July 2016	Received in the year	Net Gains / (Losses) on Investments	Balance at 31 July 2017
	£	£	£	£
<b>Endowment reserves</b>				
<u>Prizes &amp; Scholarships</u>				
Prize Fund	19,468	-	1,545	21,013
Directors' Recital Prize	1,144	-	91	1,235
GAS Nicholson Summer Course				
Bursary	10,286	-	816	11,102
<u>Bursaries (School Fees)</u>				
Bursary Fund	21,856	-	1,735	23,591
McCallum Piano				
Scholarship	35,597	-	3,024	38,621
John B Rankin Piano Prize	51,892	-	4,119	56,011
<u>Masterclass funding</u>				
Nigel Murray	94,901	-	9,562	104,463
	-----	-----	-----	-----
Total Endowment Reserves	235,144	-	20,893	256,037
	=====	=====	=====	=====
2016	179,496	50,000	5,649	235,144
	=====	=====	=====	=====

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 2017**

<b>18. Reserves – Company and Group (continued)</b>	<b>Balance at 31 July 2016</b>	<b>Dividends received in the year</b>	<b>Donations received in the year</b>	<b>Funds Expended</b>	<b>Balance at 31 July 2017</b>
	£	£	£	£	£
<b>Restricted Funds</b>					
<u>Prizes &amp; Scholarships</u>					
Prize Fund	700	933	1093	(1,779)	947
Directors' Recital Prize	-	55	806	(755)	106
GAS Nicholson Summer Course Bursary	22	493	-	(510)	5
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	86,120	1,048	19,950	(23,938)	83,180
McCallum Piano Scholarship	5,761	1,524	-	(7,285)	-
John B Rankin Piano Award	515	2,388	-	(2,903)	-
<u>Development</u>					
Expansion fund	50,112	-	36,428	(37,879)	48,661
Dunard for Fundraising	-	-	90,000	(40,476)	49,524
Warburg & Getty Trusts	-	-	60,000	(37,500)	22,500
<u>Masterclass funding</u>					
Nigel Murray	3,587	2,687	-	(3,279)	2,995
<u>Teaching</u>					
Syson Charitable Foundation	-	-	2,000	(2,000)	-
Wetherby Charitable Trust	-	-	5,850	(5,850)	-
Stevenston Trust	-	-	7,500	(5,000)	2,500
<u>Other</u>					
Running Club	250	-	-	(250)	-
Instrument Fund	3,000	-	532	(2,192)	1,340
Gaelic Fund	232	-	-	(232)	-
Playground equipment	2,696	-	-	(2,696)	-
	-----	-----	-----	-----	-----
<b>Total Restricted Reserves</b>	<b>152,995</b>	<b>9,228</b>	<b>225,309</b>	<b>(175,774)</b>	<b>211,758</b>
	=====	=====	=====	=====	=====

\* The £34,126 expended on bursaries has been used to reduce some of the costs relating to the School providing means-tested remissions to pupils (see Directors' Report and note 3).

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.

**Unrestricted General  
Reserves**

	1,160,218	-	1,949,201	(1,938,862)	1,170,557
	=====	=====	=====	=====	=====

Unrestricted reserves are available for the advancement of the charitable objects of the Company. Note 19 describes how £902,774 of unrestricted reserves are invested in the School's tangible fixed assets. Freely available unrestricted reserves are £267,823.

**ST MARY'S MUSIC SCHOOL TRUST LIMITED**

**NOTES to the ACCOUNTS**

As at 31 July 2017

<b>19. Analysis of net assets between reserves – Group</b>	<b>Unrestricted Reserves Including members' subscriptions</b>	<b>Endowment Reserves</b>	<b>Restricted Reserves</b>	<b>Total Reserves 2017</b>
	£	£	£	£
Reserve Balances at 31 July 2017 are represented by:				
Tangible fixed assets	902,774	-	-	902,774
Investments	-	256,037	-	256,037
Current assets	528,232	-	211,758	739,990
Current liabilities	(260,409)	-	-	(260,409)
	-----	-----	-----	-----
Total net assets	1,170,597	256,037	211,758	1,638,392
	=====	=====	=====	=====

**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:

	<b>2017</b>	<b>2016</b>
	£	£
<b>Income from:</b>		
Charitable activities	1,771,382	1,854,620
Donations and legacies	348,660	207,085
Other trading activities	38,088	36,056
Investment income	11,495	8,350
	-----	-----
	2,169,625	2,106,111
<b>Resources expended</b>		
Charitable activities	(2,100,523)	(1,994,973)
	-----	-----
<b>Net incoming resources before revaluation of investments</b>	69,102	111,138
Unrealised investment gain	20,893	5,649
Realised investment loss	-	-
	-----	-----
<b>Net movement in funds</b>	89,995	116,787
Total funds brought forward	1,548,357	1,431,570
	-----	-----
Total funds carried forward	1,638,352	1,548,357
	=====	=====

# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## NOTES to the ACCOUNTS

As at 31 July 2017

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

	2017	2016
	£	£
Net surplus for the year	89,995	116,782
Unrealised gains on investments	(20,893)	(5,649)
Interest and investment income	(11,495)	(8,350)
Depreciation	91,754	93,674
Donated assets	-	-
(Increase)/decrease in debtors	(13,621)	5,499
Increase/(decrease) in creditors	72,994	(9,286)
	-----	-----
Net cash provided by operating activities	208,734	192,670
	=====	=====

### 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 £41,381 have been received from Directors during the year.

The former School Bursar (who retired as at 31 July 2017) is married to T M Young, Chartered Architect, who has acted as the School's architect for a number of years. £1,565 was due to Mr Young as at 31 July 2017 for services rendered (2016: £2,049).

The Company is due £11,885 (2016: £11,085) in Gift Aid from St Mary's Music School Enterprises Limited for the year to 31 July 2017. A balance of £6,131 is also due to the Company in respect of the recharge of costs incurred on behalf of St Mary's Music School Enterprises Limited.

# ST MARY'S MUSIC SCHOOL TRUST LIMITED

## NOTES to the ACCOUNTS

As at 31 July 2016

### 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 £185,226 and has been charged to the income and expenditure account. There are employee and employer contributions of £11,250 for July 2016 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 £101,629 and has been charged to the income and expenditure account. There are employee and employer contributions of £10,400 for July 2016 which were due to be paid to the scheme after the year end.

### 26. Reconciliation of capital and reserves – Group

	2017	2016
	£	£
At 1 August 2016	1,548,397	1,431,617
Surplus for the year	89,995	116,782
Members' subscriptions (net movement)	-	(2)
	-----	-----
At 31 July 2017	1,638,392	1,548,397
	=====	=====