Charity registration number SC009352 (Scotland)

Company registration number SC023577

ST MARY'S SCHOOL, MELROSE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2025

ST MARY'S SCHOOL, MELROSE

CONTENTS

ST MARY'S SCHOOL, MELROSE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 AUGUST 2025

The School Governors, who are also the trustees and directors of the charity for the purposes of the Companies Act 2006 and the Charities and Trustees Investment (Scotland) Act 2005, present their report with the financial statements of the charity for the year ended 31st August 2025. The trustees have adopted the provisions of 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 2019).

St. Mary's School, Melrose is a charitable company and company limited by guarantee, founded in 1945.

Objectives and activities

In accordance with Charitable Company's Memorandum and Articles of Association, the objective of the School is the advancement of education.

Principle activities

The company operates an independent preparatory school.

School development plan

The School's core values of caring, communication, curriculum, confidence, connectivity, and curiosity underpin daily life at St. Mary's. These values are central to St. Mary's education and are lived out every day in the busy routines of pupils and staff. The review of schemes of work and assessment throughout the lower, middle, and upper parts of the School are on-going with the Headmaster, Director of Studies, and Class Teachers from pre-prep through to Form 8 reporting to the Education Committee of the Board of Governors. The Education Committee serves the function of channelling ideas from pupils and staff to the Board of Governors and the presence, throughout the year, of three Governors on this Committee offers a regular overview. The Committee meets on a termly basis to discuss key agenda items such as, Health and Safety in the classroom; Child Protection and General Data Protection Regulation (GDPR); Innovative Classroom practice; Access to learning, and the campus.

Pupils at St. Mary's enjoy learning and parents and pupils have been positive about their experiences both within the academic and wider life of the School. The Eco Committee, Library Group, Boarding Committee, and Rights Respecting School Award Committee are all examples of forums where the pupil voice makes a significant difference to life at St. Mary's. In addition, staff are active in seeking the opinions of pupils in their subject areas and acting upon feedback. Any concerns raised are taken seriously and open conversation amongst pupils, parents and staff is encouraged and valued. Our "You Said, We Did" wall provides an excellent visual display of the pupil voice.

As well as the core subjects of English, Maths and Science, pupils attend lessons in Spanish, French, History, Geography, Classical Civilisation, Religious and Moral Education (RME), Latin, Information Computer Technology (ICT), Art, Design and Technology, Personal and Social Health Education (PSHE), Music, Drama, Physical Education (PE), Environmental Studies, and Environmental Science as they progress through the school. In the final year pupils may be invited to study Ancient Greek as an additional Common Entrance subject. Teaching at St. Mary's is creative, engaging, inspiring and fun. This is monitored and supported by regular review of practice along with our Professional Review and Development (PRD) system, in service training (INSET) days and engagement with the General Teaching Council for Scotland (GTCS).

The PRD system has a two-year cycle and provides staff with the opportunity to access training, develop their skills, knowledge and understanding and set personal goals and targets with support of their line manager. This process also complements the opportunity for staff to contribute to the Whole School Improvement Plan by providing a platform where ideas, observations and opinions can be shared about the day to day running of the school and the medium and longer-term strategies in place.

St. Mary's has an excellent Learning Support Department that ensures specific learning needs are catered for appropriately and sensitively. Children requiring additional support with their learning are identified through regular staff meetings and testing is conducted where appropriate. Staff are proactive in the staged intervention process within the school and support is provided within the regular classroom setting where possible, and on a one-to-one or small group basis where it is deemed more advantageous to the pupil / pupils. We work with parents, pupils, and outside agencies to support individual children and incorporate advice and resources into our planning and professional development. The school is accessible to all users and is well equipped to meet the needs of our children and staff.

School development plan (continued)

Monitoring of Health and Wellbeing continues to be of prime importance, with Form Tutors creating opportunities for sharing feelings and exploring emotions and anxieties. We have the ongoing input of one of our Governors who works professionally and expertly in the field of counselling and psychology. Two members of staff have completed training through the “Girls on Board” programme and this has been rolled out in the PSHE programme to include all girls in Form 6-8. Parents have also been informed of the programme and encouraged to read and indeed purchase the supporting literature. Weekly assemblies offer an opportunity for the whole school to gather with Headmaster, staff and pupil-led assemblies taking place, as well as a range of invited guests.

Community partnerships and shared benefit

The School is very much part of the independent school network north and south of the border. Visits to various schools, both for staff training or educational and extra-curricular activities, allow St. Mary's to maintain close links with other schools. Equally, visits from independent prep schools and senior schools are commonplace and enhance the valued links the School has with other independent schools. Heads and other representatives from senior schools visit St. Mary's throughout the School year to deliver an Assembly address, afterwards meeting with pupils, staff, and parents.

Bang Goes the Borders returned to the campus in September 2024 with a full programme of engaging workshops for youngsters from across the Borders. Sponsored by Vision Scotland, Bright Green Nature, and Mitchell’s Glass we welcomed presenters from Senior Schools, Universities, Colleges, and national organisations such as Glasgow Science Centre. Sponsorship means that this event remains open to all and is free to attend.

St. Mary’s is proud of its place within the local community and constantly strives to work with partners to provide educational opportunities for all and immerse itself in local community life. Many pupils participated in Melrose Festival week, representing the school by singing at the Crowning Ceremony, and riding in the junior rideout as well as taking part in the fancy dress competition. Much success was celebrated by our young equestrians, competing locally and further afield, several of whom have once again qualified for the British Championships in October 2025. Many children play for their local rugby clubs in Melrose, Selkirk, Lauder, and Jedburgh and the local Fjordhus Reivers hockey and Galashiels Athletics clubs are very well attended by St. Mary’s pupils. The relationships between these clubs and the school are positive and mutually beneficial. Links with local brass bands saw pupils performing with Jedburgh Instrumental Band and Galashiels Town Band, including participation in Scottish Borders Brass Band workshops, contests, and the National Youth Brass Band Championships of Scotland.

St. Mary's has closer links with the community than ever before. By continuing to increase and strengthen its involvement with schools, opportunities are provided for local schools to be involved in leadership challenge activities, choir concerts, music lessons, and drama productions. Opportunities to link with Melrose Primary School and Earlston High School, whether for sports fixtures or coaching sessions, have allowed a rapport to develop between pupils and staff.

These community links have also led to St Mary's offering work experience opportunities to senior school pupils from Peebles, Selkirk, Earlston, Hawick High Schools and Galashiels Academy. Links with Borders College enable us to offer placements to students within Kindergarten and Reception Class to complete their HNC Early Years courses.

Bursary allocation remains high, the School recognises the need to support families and the benefit that bursarial support offers to families, providing an independent preparatory school education for their children. All bursary applications are subject to due diligence and require annual re-application.

Achievement and performance
The Trustees would like to thank all St Mary’s staff for their hard work and dedication throughout the academic year.

The curriculum continues to be well balanced and appropriately rigorous, presenting parents a wider choice of senior schools for their children. The school prides itself on its academic record and achievements within the disciplines of sport, performing arts and the creative arts. School examination results are measured against expectations from GL Assessment Cognitive Ability Testing (CAT) that takes place for each pupil in September each year. Achieved results indicate all pupils achieve above expected levels at Common Entrance (CE). This year our pupils collectively earned a total of two academic scholarship, 3 sports scholarships, 1 drama scholarship, 1 music scholarship, 1 design and technology scholarship, 1 sports exhibition, 1 drama exhibition and 1 sports scholarship. All Form 8 pupils passed Common Entrance and gained entrance to their chosen senior school.

The introduction of the Spelling Ninja programme, Big Cat Phonics and Benchmarking, for pupils from Reception to Form 5, has had a very positive impact on Literacy and data for this continues to be monitored closely by the Head of English. Data from the Accelerated Reader initiative continues to give us a detailed overview of pupils' reading engagement and progress whilst the achievement of our Reading Schools Silver Award has allowed for enhanced visibility of pupils’ engagement with reading initiatives throughout the school.

In the 2025 UK Mathematics Trust Junior Challenge our senior pupils secured fifteen awards in total - 4 Gold, 5 Silver and 6 Bronze awards.

Digital Technology continues to feature daily in teaching and learning. Touch-typing skills are embedded within the curriculum from Form 2 upwards. Regular Online Safety sessions take place with all pupils, and one member of staff has now completed their CEOP Ambassador training. This has fed into online safety lessons for children as well as a session for parents.

Instrument instruction continues to flourish at St. Mary’s, with a cohort of nine visiting instructors coaching our young people on a wide variety of instruments. Pupils were able to sit grade exams with the Associated Board of the Royal Schools of Music, Trinity College, and Rock School, with many gaining a Merit or Distinction pass.

Our athletes were thrilled to compete in athletics at Fettes College in June and deservedly came away with 10 gold, 10 silver and 13 bronze medals as well as being runners up for the Saville Cup. In cross country the U9 boys and U11 girls’ teams both placed 1st in the Scottish Independent Schools Cross Country event and in the individual event St. Mary’s won placed first in U9 boys and U11 girls. Our cross-country team also took part in the annual Rawthey Run at Sedbergh School achieving a 1st place in the U11 girls’ individual race and 2nd place in the U11 girls team event.

Our Global Awareness Calendar continues to draw our attention to national days of recognition and causes that we can recognise and support. The European Day of Languages was celebrated with an assembly and activities relating to that for classes. The Lunar New Year was recognised across the School and our youngest pupils in Kindergarten enjoyed a Chinese lunch.

The Eco Committee spent time at Faldonside re-wilding some area of the grounds and created a wild space with habitats, bug hotels, and a pond. Our Form 7 participated in a project throughout the Summer Term at The Haining, Selkirk where through hands-on learning and environmental stewardship, students gained valuable experience and knowledge about biodiversity, habitat restoration, and ecological data collection.

Achievement and performance (continued)

The School's general programme of maintenance and repair work continued throughout the year. We were also delighted to be able to enhance facilities in our kitchen and dining room, including a new salad bar, hot serving station and serving dishes. We finished the year with the development of our new STEAM technology room getting underway.

The School continued to benefit from the support provided by The Friends of St. Mary's and Former Pupils (FP) Club. The Friends of St. Mary’s, is an active parent-led group who fundraise, support, and organise several events throughout the school year. The FP Club continue to be an active group supporting the School and their annual FP dinner was once again attended by former pupils from many eras.

The School welcomes the close relationship with parents and families having an open-door approach with the Headmaster and staff, ensuring a supportive environment for all pupils. Parent engagement with our School Portal and App has been good with all our families registered. Pupil reports and general notices are sent out via the Portal and App, and staff have found this to be a quick and easy means of communication when on the move, particularly at sporting events. Our social media pages continue to have excellent engagement with current and prospective families, former pupils, and wider community.

The School has several key performance indicators that are regularly reviewed and monitored. These are set and reviewed in conjunction with the Board of Governors and are split into financial and non-financial key performance indicators (KPIs). Current indicators include but are not limited to income levels, pupil numbers, management of operating and capital costs, bursary support, health and safety including monitoring pastoral care, and staff development.

Financial review

The principal source of income is fees. Net expenditure of £159,597 (2024: net income £170,264), shown after investment gains of £28,314 (2024: £37,432), was achieved during the year, being net expenditure of £207,384 (2024: net income £66,644) to the general fund, and net income of £47,787 (2024: net income of £103,620) to the restricted fund. Despite the net expenditure for the year the Governors are pleased with the overall performance of the School. The net expenditure is attributed to the introduction of VAT on fees in January 2025 at which time the School reviewed its fee levels to try and ensure that a St Mary's education remained viable for our parent body.

Class and boarding fees amounted to £2,218,650 after discounts of £205,331 and bursaries of £385,390 (2024 £2,409,899 after discounts of £186,357 and bursaries of £321,123).

The value of each class of discount was as follows:

	£
Bursaries Awarded 2025	385,390
Discounts Awarded 2025	
Staff	90,255
Sibling	104,847
Other	10,229
Total Discounts 2025	590,271

This is shown in terms of the number of pupils receiving assistance as follows:

	Michaelmas Term 2024	Lent & Summer Terms 2025
Bursary only	37	32
Discount only	40	61
Bursary & Discount	2	11
Total pupils receiving assistance	**79**	**104**

The Trustees identify the principal risks and uncertainties to be pupil numbers, loss of key personnel and damage to the School's reputation. In addition, economic and political environment uncertainty is a risk that the School has no control over.

The main factors likely to affect future financial performance, include the failure to manage costs, such as rising rates, utilities and employer pension costs that may all lead to higher fees which in turn become unaffordable for some families resulting in a drop in pupil numbers. In addition, the introduction of VAT on fees from January 2025 will continue to have a significant impact on the School's finances and the School will need to once again manage this as well as it possibly can to support current families and minimise the risk to the school roll.

Fixed assets

The Trustees are of the opinion that, in aggregate, the market value of land and buildings is no less than the book value of the assets.

Reserves policy

In recent years' surpluses have allowed the School to start building a cash reserve to assist in meeting objectives in developing the School. The policy remains to strengthen reserves where possible although this is impacted by the economic environment and challenges faced by the School at the time.

Development of the fabric of the School will continue to be a work in progress and various elements of refurbishment are constantly being actioned or are under review.

The Trustees continue to be satisfied that they have sufficient reserves for maintaining and developing the fabric of the School and as a reserve for general running costs in the short term.

Future plans

Despite the year’s net expenditure, the strong financial planning over previous years allowed the Governors to recognise the enormous effort and commitment put once again in by the staff, both teaching and non-teaching, by awarding a pay increase for the 2025-26 academic year. The Governors will continue to consider moving forward with various development projects although in the current economic climate, it remains the case that continued investment in the School will require the Board to manage the School finances more carefully than ever in the year ahead. There is however a continued commitment and support from the Board of Trustees to ensure St Mary’s continues to grow and position itself as one of the best Prep Schools in Scotland.

Structure, governance and management

Governing Document

The Charity is controlled by its Memorandum and Articles of Association and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Governing Body

The Board of Governors (Trustees) determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster. The membership of the Board during the year is set out below. All Trustees served throughout the year except as stated.

Mr G. Aitkenhead and Mrs F. Maclay retire by rotation at the AGM. Being eligible, they both offer themselves for re-election.

The company has no share capital and therefore no Trustee holds any shares but each, as a member, has guaranteed to pay a sum of £1 if called upon. Trustees are elected in accordance with the terms set out in the Articles of Association. Trustees are elected for a three-year term for a period not normally exceeding twenty years.

Recruitment and appointment of trustees

When vacancies arise, Trustees are very carefully selected based on the benefit that their experience and expertise can bring to the Board. The Board strive to ensure a wide mix of skills and experience exists within the group. Trustees attend training courses and seminars run by bodies such as the Scottish Council of Independent Schools to ensure knowledge within the group is both developed and up to date.

The School continues to draw from its Parent Body for Parent Governors, with appropriate skills, as required. The Board of Trustees of St Mary's School, Melrose recognises that there will continue to be challenges for the School and its parent body. The Trustees are confident the School is strongly placed to continue with development plans and to provide help where needed. The School will be governed prudently and wisely to ensure that St Mary's stands strong and ready to embrace the future.

Remuneration policy

Key management remuneration

Remuneration of key management is determined by the Finance and General Purposes Committee, for approval by the Board, considering employees’ level of responsibility and salaries paid by similar organisations.

Risk management

The Board continues to keep the School's activities under review, particularly regarding any major risks that may arise and to monitor steps which can be taken by which those risks already identified by the Trustees can be mitigated. At each Board meeting the Governors discussed at length the challenges facing the independent education sector and the implications for St. Mary's School. A risk register is in place, monitored, reviewed, and maintained by a committee of eleven staff members from different areas of the School. The document is overseen by the Governance and Risk Committee who report back to the full Board on a termly basis with a summary of key considerations. The register examines the Structure, Governance and Management of the School’s operations, considering the major risks, allocating responsibilities, and suggests appropriate mitigating actions.

It is the opinion of the Governors that the School’s management team has established resources and review systems which, under normal conditions, should allow risks to be mitigated to an acceptable level in the day-to-day operations of the School.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC023577 (Scotland)

Registered Charity number
SC009352

Registered office
Abbey Park
Melrose
Roxburghshire
TD6 9LN

Trustees
G T G Baird (Chair) (Resigned August 2025)
Mrs G Adamson
G Aitkenhead
A J Armstrong
A Garden (Appointed July 2025)
P J S Macdonald (Chair) (From August 2025)
Mrs F X H Maclay
Dr R Murphy
J O’Neil (Appointed August 2025)
Mrs R Trotter
B Weir

Headmaster
W Harvey
BEd (Hons)

Company Secretary
Mrs F M Tait

Senior Statutory Auditor
Mrs F Haro

Auditors
Thomson Cooper Accountants
22 Stafford Street
Edinburgh
EH3 7BD

Solicitors
Lindsays
Caledonian Exchange
19a Canning Street
Edinburgh
EH3 8HE

Banking Services
Royal Bank of Scotland
36 St Andrew’s Square
Edinburgh
EH2 2YB

Statement of Trustees' responsibilities

The Trustees, who are also the directors of St Mary's School, Melrose for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

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

Auditor

The auditors, Thomson Cooper Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Report of the Trustees, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors on 4th February 2026 and signed on the Board’s behalf by:

Gill Adamson
....

04-02-26

Date: ....

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF ST MARY'S SCHOOL, MELROSE

Opinion

We have audited the financial statements of St Mary's School, Melrose (the 'Charity') for the year ended 31 August 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2025 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the accounts, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the accounts, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the accounts due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identifications and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the accounts may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS102), Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and the charitable company's government document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustee's Report, and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

We also considered laws and regulations that have an indirect impact on the financial statements. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these laws and regulations and undertook a review of Education Scotland annual visit reports, Care Inspectorate reports, and searched the online Information Commissioner's Office database for potential breaches in laws and regulations.

The audit engagement team identified the risk of management override of controls as the area where the accounts were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluation the business rationale in relation to significant, unusual transactions entered into outside the normal course of business, challenging judgements and estimates.

We acknowledge the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. The risk increases the more that compliance with laws or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters

We were engaged to audit the financial statements of St Mary's School, Melrose for the year ended 31 August 2025. We were not engaged to audit, nor did we audit, the financial statements of St Mary's School, Melrose for the year ended 31 August 2024. Those financial statements were audited by JRW Hogg & Thorburn, whose report, dated 6 February 2025, expressed an unqualified opinion on those financial statements.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Fiona Haro

Fiona Haro (Senior Statutory Auditor)
For and on behalf of Thomson Cooper, Statutory Auditor
Dunfermline

04-02-26
Date: ....

Thomson Cooper is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

ST MARY'S SCHOOL, MELROSE

STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Income from:							
Donations and legacies	2	50	40,250	40,300	72	70,396	70,468
Charitable activities	3	2,313,111	-	2,313,111	2,486,286	-	2,486,286
Investments	4	21,508	-	21,508	33,531	8	33,539
Total income		2,334,669	40,250	2,374,919	2,519,889	70,404	2,590,293
Expenditure on:							
Charitable activities	5	2,542,273	20,557	2,562,830	2,453,738	3,723	2,457,461
Total expenditure		2,542,273	20,557	2,562,830	2,453,738	3,723	2,457,461
Net gains/(losses) on investments	10	220	28,094	28,314	493	36,939	37,432
Net income/(expenditure)		(207,384)	47,787	(159,597)	66,644	103,620	170,264
Transfers between funds		(10,000)	10,000	-	(10,000)	10,000	-
Net movement in funds	7	(217,384)	57,787	(159,597)	56,644	113,620	170,264
Reconciliation of funds:							
Fund balances at 1 September 2024		4,926,887	360,864	5,287,751	4,870,243	247,244	5,117,487
Fund balances at 31 August 2025		4,709,503	418,651	5,128,154	4,926,887	360,864	5,287,751

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

ST MARY'S SCHOOL, MELROSE

BALANCE SHEET

AS AT 31 AUGUST 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Tangible assets	**12**		3,581,716		3,623,568
Investments	**13**		299,569		261,255
			3,881,285		3,884,823
Current assets					
Stocks		900		900	
Debtors	**14**	80,202		129,370	
Cash at bank and in hand		1,296,553		1,705,835	
		1,377,655		1,836,105	
Creditors: amounts falling due within one year	**15**	(130,786)		(433,177)	
Net current assets			1,246,869		1,402,928
Total assets less current liabilities			5,128,154		5,287,751
The funds of the Charity					
Restricted income funds	**18**		418,651		360,864
Unrestricted funds	**19**		4,709,503		4,926,887
			5,128,154		5,287,751

The notes on pages 16 to 28 form part of these financial statements.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees on 04-02-26

Gill Adamson
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Company registration number SC023577 (Scotland)

ST MARY'S SCHOOL, MELROSE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**24**		(352,151)		512,256
Investing activities					
Purchase of tangible fixed assets		(68,639)		(474,315)	
Proceeds from disposal of tangible fixed assets		-		930	
Purchase of investments		(10,000)		(10,000)	
Investment income received		21,508		33,539	
Net cash used in investing activities			(57,131)		(449,846)
Net cash generated from financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(409,282)		62,410
Cash and cash equivalents at beginning of year			1,705,835		1,643,425
Cash and cash equivalents at end of year			1,296,553		1,705,835

1 Accounting policies

Charity information

St Mary's School, Melrose is a private company limited by guarantee incorporated in Scotland. The registered office is Abbey Park, Melrose, Roxburghshire, TD6 9LN .

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Charity's governing document, the Companies Act 2006 the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Charities SORP "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)". The Charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the next twelve months. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Charity.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from charitable activities is recognised net of VAT, discounts and bursaries issued by the Charitable Company.

1 Accounting policies **(Continued)**

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Heritable land and buildings	2% straight line
Improvements to property	5% straight line
Plant and equipment	25% straight line
Fixtures and fittings	10% striaght line or 10% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.8 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.11 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity’s contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Income from donations and legacies

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Donations and gifts	50	40,250	40,300	72	70,396	70,468

3 Income from charitable activities

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
School Fees Receivable		
School fee income	2,218,650	2,409,899
Ancillary income	94,461	76,387
	2,313,111	2,486,286

Analysis of School Fee Income

	School Fees Receivable 2025 £	School Fees Receivable 2024 £
Class and boarding fees	2,123,502	2,279,627
Kindergarten Fees	92,948	127,872
Enrolment Registration fees	2,200	2,400
	2,218,650	2,409,899

4 Income from investments

	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Interest receivable	21,508	-	21,508	33,531	8	33,539

5 Expenditure on charitable activities

	School Operating Costs 2025 £	School Operating Costs 2024 £
Direct costs		
Staff costs	1,737,098	1,692,278
Depreciation and impairment	110,491	110,145
Teaching Costs	71,847	79,976
Premises Costs	318,725	297,756
Finance Costs	1,684	1,536
	2,239,845	2,181,691
Share of support and governance costs (see note 6)		
Support	313,393	267,587
Governance	9,592	8,183
	2,562,830	2,457,461
Analysis by fund		
Unrestricted funds	2,542,273	2,453,738
Restricted funds	20,557	3,723
	2,562,830	2,457,461

6 Support costs allocated to activities

	2025 £	2024 £
Catering Costs	96,841	88,397
Office Supplies	11,292	12,636
IT, Marketing & Telephone	56,637	50,283
Cleaning & Subcontractor Costs	12,733	17,683
Professional Fees	52,016	29,181
Bad Debt Write off	-	13
Leasing	48,092	42,801
Motor Vehicle Costs	10,071	15,098
Subscriptions	8,718	9,111
Miscellaneous	16,993	2,384
Governance costs	9,592	8,183
	322,985	275,770
Analysed between:		
School Operating Costs	322,985	275,770

6 Support costs allocated to activities (Continued)

Governance costs comprise:	2025 £	2024 £
Disclosure Scotland	592	383
Auditor Remuneration	9,000	7,800
	9,592	8,183

7 Net movement in funds

	2025 £	2024 £
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	9,000	7,800
Depreciation of owned tangible fixed assets	110,491	110,145

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Charity during the year.

9 Employees

The average monthly number of employees during the year was:

	2025 Number	2024 Number
Teaching Staff	32	32
Admin/Grounds	6	7
Catering/Cleaning	13	14
Gap Year Students	3	3
Total	54	56

Employment costs	2025 £	2024 £
Wages and salaries	1,397,444	1,372,716
Social security costs	133,561	126,408
Other pension costs	206,093	193,154
	1,737,098	1,692,278

9 Employees (Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2025 Number	2024 Number
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-

Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2025 £	2024 £
Aggregate compensation	269,862	241,081

The key management personnel if the school comprise the trustees, headmaster, deputy head and school administrator. None of the trustees were remunerated for their duties as trustees during the year.

10 Gains and losses on investments

Gains/(losses) arising on:	Unrestricted funds 2025 £	Restricted funds 2025 £	Total 2025 £	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
Revaluation of investments	220	28,094	28,314	493	36,939	37,432

11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

12 Tangible fixed assets

	Heritable land and buildings	Improvements to property	Plant and equipment	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 September 2024	3,117,089	1,309,455	259,468	163,324	4,849,336
Additions	-	36,173	32,466	-	68,639
At 31 August 2025	3,117,089	1,345,628	291,934	163,324	4,917,975
Depreciation and impairment					
At 1 September 2024	449,472	417,961	239,467	118,868	1,225,768
Depreciation charged in the year	29,713	56,919	16,127	7,732	110,491
At 31 August 2025	479,185	474,880	255,594	126,600	1,336,259
Carrying amount					
At 31 August 2025	2,637,904	870,748	36,340	36,724	3,581,716
At 31 August 2024	2,667,617	891,494	20,001	44,456	3,623,568

The heritable land and buildings were last valued on 31st July 1991 by Lorne Brown Associates, Chartered Surveyors, on an open market basis.

13 Fixed asset investments

	Listed investments
	£
Cost or valuation	
At 1 September 2024	261,255
Additions	10,000
Valuation changes	28,314
At 31 August 2025	299,569
Carrying amount	
At 31 August 2025	299,569
At 31 August 2024	261,255

	2025	2024
Investments at fair value comprise:	£	£
Bursary Fund	294,282	256,188
Prize Fund	5,287	5,067
	299,569	261,255

14 Debtors

	2025	2024
Amounts falling due within one year:	**£**	**£**
Trade debtors	33,583	22,504
Other debtors	39,482	11,857
Prepayments and accrued income	7,137	95,009
	80,202	129,370

15 Creditors: amounts falling due within one year

	Notes	2025 £	2024 £
Deferred income	16	41,454	351,274
Trade creditors		61,447	76,779
Other creditors		7,085	24
Accruals		20,800	5,100
		130,786	433,177

16 Deferred income

	2025 £	2024 £
Other deferred income	41,454	351,274

Deferred income is included in the financial statements as follows:

	2025 £	2024 £
Deferred income is included within:		
Current liabilities	41,454	351,274
Movements in the year:		
Deferred income at 1 September 2024	351,274	8,473
Released from previous periods	(351,274)	(8,473)
Resources deferred in the year	41,454	351,274
Deferred income at 31 August 2025	41,454	351,274

Deferred income relates to school fee income received in advance.

17 Retirement benefit schemes

Defined contribution schemes	2025 £	2024 £
Charge to profit or loss in respect of defined contribution schemes	206,093	193,154

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

18 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 September 2024	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 August 2025
	£	£	£	£	£	£
Bang goes the borders	3,063	8,500	(4,179)	-	-	7,384
Farr-Out Challenge Fund	25	-	-	-	-	25
Bursary Fund	256,954	-	-	10,000	28,094	295,048
Capital Fund	100,822	31,750	(16,378)	-	-	116,194
	360,864	40,250	(20,557)	10,000	28,094	418,651

Previous year:	At 1 September 2023	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 August 2024
	£	£	£	£	£	£
Bang goes the borders	1,786	5,000	(3,723)	-	-	3,063
Farr-Out Challenge Fund	17	8	-	-	-	25
Bursary Fund	210,015	-	-	10,000	36,939	256,954
Capital Fund	35,426	65,396	-	-	-	100,822
	247,244	70,404	(3,723)	10,000	36,939	360,864

18 Restricted funds **(Continued)**

Capital funds represent restricted donations received specifically for capital projects undertaken by the School. Where a capital asset is acquired using restricted capital funding, the related fund is released over the useful economic life of the asset in line with the depreciation charged. The majority of the capital fund balance at the year end relates to amounts received for the development of the School's STEM room, which was completed during the year.

The Bursary fund (formerly the Bursary & Redevelopment Appeal Fund) is being grown for future sponsorship of pupils qualifying for support. The balance on the fund at the year end comprises investments of £294,282 and cash at bank £766.

The Farr out challenge fund was set up to sponsor inter schools competitions events. The balance on the fund at the year end is £25.

Bang Goes the Borders fund was set up to host a science initiative day which is held annually. The first event was held in May 2011 and is growing every year. The balance on the funds at the year end comprises of £7,384.

19 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2024	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 August 2025
	£	£	£	£	£	£
General funds	4,926,887	2,334,669	(2,542,273)	(10,000)	220	4,709,503

Previous year:	At 1 September 2023	Incoming resources	Resources expended	Transfers	Gains and losses	At 31 August 2024
	£	£	£	£	£	£
General funds	4,870,243	2,519,889	(2,453,738)	(10,000)	493	4,926,887

20 Analysis of net assets between funds

	Unrestricted funds 2025	Restricted funds 2025	Total 2025
	£	£	£
At 31 August 2025:			
Tangible assets	3,520,307	61,409	3,581,716
Investments	5,287	294,282	299,569
Current assets/(liabilities)	1,183,909	62,960	1,246,869
	4,709,503	418,651	5,128,154

20 Analysis of net assets between funds (Continued)

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £
At 31 August 2024:			
Tangible assets	3,614,368	9,200	3,623,568
Investments	5,067	256,188	261,255
Current assets/(liabilities)	1,307,452	95,476	1,402,928
	4,926,887	360,864	5,287,751

21 Operating lease commitments

Lessee

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

	2025 £	2024 £
Within one year	48,836	54,146
Between two and five years	121,747	170,231
	170,583	224,377

22 Secured Debts

Any overdraft is secured by a standard security over the school buildings and land and by a bond and floating charge over all the company's assets. The school currently has no overdraft facility in place.

23 Employee Benefits Obligations

During the year, the charity exited the Scottish Teachers' Superannuation Scheme. As the scheme is unfunded, there was no deficit or surplus to distribute on withdrawal from the scheme. The teaching staff were enrolled into a private pension scheme.

24 Cash (absorbed by)/generated from operations

	2025	2024
	£	£
(Deficit)/surplus for the year	(159,597)	170,264
Adjustments for:		
Investment income recognised in statement of financial activities	(21,508)	(33,539)
Fair value gains and losses on investments	(28,314)	(37,432)
Depreciation and impairment of tangible fixed assets	110,491	110,145
Movements in working capital:		
Decrease/(increase) in debtors	49,168	(78,376)
Increase in creditors	7,429	38,393
(Decrease)/increase in deferred income	(309,820)	342,801
Cash (absorbed by)/generated from operations	(352,151)	512,256

25 Analysis of changes in net funds

The Charity had no material debt during the year.