

The Edinburgh Merchant Company Education Board

**Annual report and consolidated financial
statements**

Charity number SC009747

31 July 2025

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Report of the Board

The Edinburgh Merchant Company Education Board presents the annual report and consolidated financial statements for the year ended 31 July 2025.

Reference and administrative details

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Chief Executive Officer and Secretary

Guy Cartwright

Principals

Melvyn Roffe (retired 12 August 2024)
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Reference and administrative details (continued)

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Registered charity number SC009747

Report of the Board

OBJECTIVES AND ACTIVITIES

The Edinburgh Merchant Company Education Board (the “Education Board”) is responsible for The Mary Erskine School and Stewart’s Melville College, including their combined Junior School, (Erskine Stewart’s Melville Schools or ESMS) and George Watson’s College (GWC) (the “Schools”). The Merchant Company Education Board endowments are held and administered for the purposes of the provision of education at the Edinburgh Merchant Company schools, their maintenance and management and the provision of means tested financial assistance to a proportion of their pupils.

The main activity undertaken continues to be the provision of education to children and young people from the ages of 3-18 through our Schools. The Schools offer sector-leading, rounded education, with a broad curriculum, strong academic results, comprehensive pastoral care and a varied and extensive range of co-curricular activities. This all-round approach gives every student the opportunity to excel.

The Schools help to shape future generations of business and professional people for Edinburgh, Scotland and the wider world.

Scotland’s long-term economic prosperity and well-being depends on the quality of young people attracted to careers in commerce and industry. The Education Board Schools aim to develop grounded, resilient and accomplished young people. For those young people to have strong values so that they can go out into the community and the wider world equipped to lead full and happy lives with strong commitments to sustainability, diversity, inclusivity, with an ambition to be the best they can be.

The Royal Company of Merchants of The City of Edinburgh (the “Merchant Company”) is informally associated with the Education Board and the Schools through a longstanding historical connection and more tangibly through the appointment of the Chair and Vice Chair of the Education Board, the appointment of members from the Master’s Court to the Governing Councils of the Schools; and the use of the Merchant Company livery in the Schools’ crests. The Merchant Company also provides some centralised administrative and secretarial services to the Education Board and administration of a pensions scheme for staff who are not members of the Scottish Teachers Pensions Scheme (STPS).

There has been no change in the purposes since the last report. The activity of the Education Board and its committees comply with the current constitution, The Edinburgh Merchant Company Education Board Scheme 2011 dated 3 November 2011, the standing orders and rules drawn up under the Scheme and current statutory requirements.

Charitable Purposes

The charitable purposes of the Education Board are:

1. The advancement of education, particularly the education and advancement of children and young people.
2. The advancement of the arts, heritage, culture and science.
3. The advancement of public participation in sport.
4. The provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the person for whom the facilities or activities are primarily intended; and
5. The advancement of citizenship or community development.

The central purpose of the Education Board through the Schools is the advancement of education with the broader aim of contributing to the wider community of Edinburgh by enabling participation in a wide range of sporting, recreational and educational activities.

Report of the Board *(continued)*

The main strategy for meeting this central purpose is to continue to provide excellent high-quality education which allow pupils the opportunity to attain the highest academic qualifications and also provide pupils with a rounded education. In support of the strategy the Schools each have their own stated vision and values which are consistent with the principles of the Education Board.

The delivery of the charitable purposes and the Schools' visions and values are supported through the following school strategies:

Education, development and wellbeing

- Ongoing review of the schools' academic syllabus and monitoring performance in external public examinations in comparison with national averages and other independent schools.
- Ongoing development of learning and teaching initiatives supported by in-service training and self-evaluations of different parts of the schools based on The Scottish Executive's "How Good Is Our School" quality indicators and/or other means of self-evaluation.
- Ongoing review of co-curricular provision taking into account feedback from staff, parents and pupils.
- Continuing to promote a culture of support, endeavor and achievement with pupils, parents and staff.

Wider Community

- Promoting involvement with the wider community with activities and work with challenged and disadvantaged cohorts.
- Promoting a culture of citizenship, active participation in charitable ventures and charitable giving.

Facilities

- Ongoing maintenance and development of the property and facilities of the Schools.
- Providing the opportunity for members of the community to access the excellent sporting and recreational facilities of the Schools.

Report of the Board *(continued)*

FUTURE PLANS

The Education Board is committed to the delivery and development of exceptional, well-rounded, education in the Schools and maintaining the delivery of the charitable purposes. However, pupil numbers at the schools in August 2025 were down by more than 4% at ESMS and 3.8% at GWC on the previous year.

This is direct consequence of the imposition of VAT on independent education tuition fees creating an affordability issue for many parents, as well as a change in the demographics of the population in Edinburgh resulting in fewer young people of school age.

The financial strategy of the Schools over the next five years is based upon restructuring and reducing costs whilst they continue to deliver a first-class education. The purpose of this restructure is to try to reduce the affordability gap for parents wishing to send their children to our schools. This will be achieved by reducing their cost base whilst also developing non fee income streams.

The Education Board will develop plans:

- To develop a new strategic plan.
- To undertake a comprehensive review of the organisational and governance structures of the Education Board and the Schools.
- To expand the activities of the Schools to maximize the return to the Schools as well as developing other income streams so that the Schools can reduce their dependency on fee income.
- To conduct a comprehensive review of its cost base and operations to ensure the Schools are operating in as cost effective a manner as possible.

ESMS announced in October 2024 that its two Senior Schools, The Mary Erskine School and Stewart's Melville College will merge in August 2026, to form one co-educational Senior School. It will operate on the Queensferry Road site, and the combined Junior School will operate on the Ravelston site. The school will be renamed Erskine Stewart Melville. Work on this merger project is well advanced and remains on course to be complete in August 2026.

PUBLIC BENEFIT

The Education Board delivers its charitable purpose and public benefit including the widening of access to education through its schools. Means tested financial assistance across both schools totalled £4,201,329 (2024: £3,901,178). This represents 5.8% of fee income (2024 – 5.58%)

The number of pupils assisted, and the level of assistance given was:

	2024/25	2023/24
	Number of Pupils	Number of Pupils
0-20%	66	22
21%-40%	46	42
41-60%	48	50
61%-80%	148	152
81-99%	43	24
100%	96	102
Total	447	392

Report of the Board *(continued)*

George Watsons College Other Public Benefit.

We have continued to develop our links to the local and national community through several initiatives, activities and partnerships, brief details of which are as follows:

- The Swire Chinese Language Centre Edinburgh (SCLCE), a partnership with James Gillespie's High School and Boroughmuir High School, has been operating since 2016. Funded by the Swire Chinese Language Foundation, the aims of the programme are to increase access to high quality teaching of Mandarin. Last session nearly 3,000 pupils were taught (P5 - S6) from 24 primary and secondary schools in Edinburgh, with around 250 pupils taking SQA qualifications at National 3, 4 and 5, Higher and Advanced Higher. Last session, 20 pupils studying Mandarin at a state school in a socio-economically challenging area took part in a free trip to Beijing. We will also fully or partially fund trips to mainland China for 35 pupils from three state schools in this session.
- The Edinburgh Computing Science and Engineering in Schools (ECSES) Programme is a three-year programme funded by donation income to provide young people with inclusive and inspiring access to computer science and engineering in partnership with four state schools. The programme seeks to tackle the challenges schools in Edinburgh face in recruiting and retaining teachers of Computing and Engineering subjects. 700 pupils have benefited from this at Castlebrae High School, and for the first time in nine years, Computing Science is now embedded in the curriculum. More than 400 pupils have benefited at Leith Primary School, where a coding curriculum is now in place.
- We hosted our annual AH Modern Studies Conference, with participation from 200 pupils from state and independent schools from all over Scotland.
- We continue to provide bespoke support to a small number of pupils from state schools, including one who studied Advanced Higher History and another who joined our future medics group to help prepare for the application and interview process.
- George Watson's College has received authorisation from the Ministry of Defence to establish a new Combined Cadet Force in partnership with James Gillespie's High School and Boroughmuir High School. When fully operational, the South Edinburgh Schools CCF will provide access to cadet activities for pupils from any secondary or high school in south Edinburgh. This will also aid community cohesion by bringing pupils together from different schools and backgrounds.
- George Watson's College, has since 2021, been designated a Community Sports Hub by SportScotland. The Community Sports Hub brings together several sporting partnerships with the aim of improving access to sport and physical activity for the local community, building and linking with Edinburgh City Council's priorities for physical activity. George Watson's College provides facilities, coordinates activities and seeks external funding for additional costs, such as coaches.
- In partnership with Watsonian Hockey Club and five local primary schools we offer a cluster hockey club for P6/7 pupils. 15 pupils regularly attended this club on Friday afternoons last session.
- A swimming project with Oxfangs Primary School, is funded by the charity Sporting Start. The focus is on targeted intervention for P4 non-swimmers and benefited 24 pupils last year.
- A running club with around 15-20 regular adult participants meets on Sunday mornings. Mostly for those who are new to running but also includes more seasoned runners.
- Edinburgh Youth Orchestra regularly hold their Easter and Summer orchestra weeks at Watson's at subsidised rates.

Report of the Board *(continued)*

- Pupil social action and volunteering included 38 S5 and S6 pupils volunteering in care homes and local state schools, Preschool children visiting a local care home and a vast programme of volunteering through the largest Duke of Edinburgh centre in Scotland.
- Fundraising for charities pupils and staff regularly raise more than £35,000 per year for charity partners. There were also two large-scale food bank campaigns in the last year and 75 S6 pupils signed up to the Anthony Nolan stem cell register.

ESMS Other Public Benefit

ESMS's contribution to wider public benefit is below:

The 2024–2025 academic year marked a transformative chapter for ESMS with the appointment of our first Community and Partnerships Manager. This role was created to embed meaningful community engagement across our three schools, deepen partnerships with local organisations, and promote equity, trust, and collaboration. Over 600 students contributed more than 10,000 volunteer hours, working with over 15 community partners. These experiences broadened horizons, challenged assumptions, and helped students discover personal purpose through service.

Community is one of ESMS's three core pillars. Our strategy is guided by principles of fairness, inclusivity, and reciprocity - not charity, but genuine relationships that bring mutual value. The programme is built on a two-year strategic plan:

- **Year 1:** Establish internal structures, build trust, pilot programmes
- **Year 2:** Deepen partnerships, increase community access to facilities, embed engagement into school culture

Success is measured not just in numbers, but in trust, depth of relationships, and positive outcomes for students and partners.

Key Projects and Partnerships

Academic-Focused Initiatives

- **Volunteer Tutors Organisation (VTO):** 7 MES students supported literacy and numeracy at Pirniehall Primary, contributing 30 hours each
- **Circle Mentoring Programme:** 6 students mentored children weekly, following training in neurodiversity and safeguarding.
- **STEM in the Community:** 9 Young STEM Leaders reached 150+ children through hands-on science sessions. New partnerships with Spartans Community Foundation and local primaries will expand this work, including CREST Award pathways and a proposed community Science Festival.

Inclusive Sport

- **Inclusive Sports Days:** ESMS hosted six events, supporting 232 children with additional needs. Staff and students provided one-to-one support.
- **The Big Sports Day:** ESMS helped launch this city-wide ASN-inclusive event, contributing transport and rugby coaching.

Report of the Board *(continued)*

- **SEND School Support:** Rowanfield School now uses our pool weekly, with in-kind support valued at £150 per session.

Broader Community Engagement

- **Community Orienteering:** 200+ attendees joined a student-led public event in partnership with ESOC.
- **Flora Stevenson Cricket Partnership:** 270 pupils engaged in cricket sessions supported by MES Sports Leaders.
- **Intergenerational Projects:** Coffee mornings and pen pal exchanges with care home residents fostered empathy and connection.
- **S4 Community Days:** 240 students volunteered with 7 local charities, contributing 1,440 hours to environmental and social causes.

Community Voice and Place-Based Partnership

Listening is central to our approach. We prioritise informal, relationship-based feedback and have built trust through consistent engagement. ESMS is now an affiliate member of the North Edinburgh Response and Recovery (R2) Network, aligning our work with local priorities and learning from experienced practitioners.

A standout example is our partnership with Children's Holiday Venture (CHV), where ESMS provided free access to facilities for evening clubs. Feedback from CHV highlighted the value of practical support and welcoming spaces.

Evidence of Impact

Quantitative Highlights

Metric	Value
Students engaged	400+
Total volunteer hours	10,000+
Community partners supported	16
Local state schools engaged	6
Children reached	400+
Inclusive Sports Days hosted	6
S4 Community Day hours	1,400+

Early Indicators

- Strong partner interest in expanding collaborations
- New relationships with Craigroyston High, Granton Primary, Rowanfield School
- High student engagement and growing staff involvement

Next Steps

- Introduce reflection and feedback tools
- Develop case studies to showcase impact
- Share evaluation findings to inform planning and build trust

Report of the Board *(continued)*

Institutional and Cultural Impact

Community engagement is becoming embedded in ESMS's identity. The launch of the **Community Working Group**—a cross-school forum of 20+ staff—has fostered collaboration and shared purpose. A new **whole-school culture workstream** will ensure community values are woven into systems and decision-making.

Student journeys are evolving too. The **Community Connections programme** is now a core part of Sixth Form, promoting leadership and social responsibility. Primary students are also engaging meaningfully, such as P5's seed bomb fundraiser for Granton Community Gardeners, which raised £500 and led to a class visit.

Even external relationships are shaped by our values. ESMS helped connect a rugby sponsor with a local school in need of outdoor kit, facilitating a direct and meaningful act of support.

Looking ahead as we enter Year 2, our focus shifts to strengthening and sustaining what we've built. Priorities for 2025–2026 include:

- **Strengthening existing partnerships** through co-created planning
- **Embedding evaluation** tools across all projects
- **Widening access** to facilities and removing practical barriers
- **Sharing impact stories** internally and externally

Community engagement is no longer a collection of projects—it's influencing how we work, plan, and see our role in the wider city.

Partner Testimonial

"Craig has been instrumental in setting up a partnership between the S6 STEM Ambassadors and the Spartans Community Foundation Education Team... The uptake in the club has been amazing with over 90% of children attending consistently, 57% of whom have an ASN diagnosis. The Ambassadors have tailored activities to suit these needs and have been a credit to Craig, Fiona and the wider ESMS community... Their unwavering willingness to help has been immeasurable!"

— *David Service, Spartans Community Foundation*

This first year has laid strong foundations for a sustainable, impactful community engagement programme. ESMS is not only preparing students for academic success, but nurturing responsible, empathetic citizens who contribute meaningfully to society. Our partnerships are built on trust, reciprocity, and shared purpose—and we are committed to deepening this work in the years ahead.

Grant-making policy

Grants are made by the Governing Councils of the Schools to fund scholarships for gifted children and means tested bursaries to widen access to include families from all financial backgrounds so that children have the opportunity to make the most of their intellectual, academic and other abilities. Awards are subject to applicants attaining the schools' entry standards and the expectation that they will contribute to the wider life of the school. Academic awards are made on the basis of academic assessment and a scholarship examination and music awards are made on the basis of musical aptitude, application and performance. All the awards are subject to annual review of academic and general progress over the school session. Means tested awards are also subject to annual reassessment of parental means.

Report of the Board *(continued)*

- The Schools offer means tested bursaries worth up to 100% of the tuition fee which are available:
 - to children entering any year group in the senior schools; and
 - to children entering or currently in Primary 6 and 7 at George Watson's College Junior School
- The Schools may provide means tested hardship assistance to parents of pupils of all age groups who have suffered a significant reduction in their financial circumstances.
- Additional assistance: At Erskine Stewart's Melville Schools, grants are awarded from The Access to Excellence Pupils' Fund to assist parents with the costs of school trips that might otherwise be beyond their means. At George Watson's College, bursary awards also cover the cost of individual music tuition as well as the cost of curricular residential trips and additional assistance may be provided towards the cost of other trips and activities at the discretion of the Principal.
- At Erskine Stewart's Melville Schools academic scholarships are offered to pupils entering the senior school.
- Music Scholarships and Music Tuition Awards are also available at both Erskine Stewart's Melville Schools and George Watson's College.

There are two separately controlled charities (neither of which is consolidated into these accounts) that support with assistance for pupils to attend the Schools: the Melville College Trust, which provides financial support towards the schools' bursary programme and grants for projects to support both educational and extra-curricular projects and the George Watson's College Endowment Trust that provides donors with an alternative vehicle for funding Foundation Places.

OPERATIONAL PERFORMANCE

Operational performance of the schools

The principal activity is to provide education for boys and girls from the ages of 3-18 at the Edinburgh Merchant Company schools, namely Erskine Stewart's Melville Schools (The Mary Erskine School, Stewart's Melville College and ESMS Junior School), and George Watson's College. The performance of each school and their successes in delivering a first class education to the young people in their schools can be found at their respective web sites; George Watson's College at <https://www.gwc.org.uk/> and Erskine Stewart's Melville Schools at <https://www.erskinestewartmelville.com/>.

FINANCIAL REVIEW

Results for the year

The year to 31 July 2025 was another very challenging one with the imposition by the UK Government of VAT on independent schools tuition fees as well as an increase in employers' national insurance and a continuation of a period of high inflation. In the year to 31 July 2025 the Edinburgh Merchant Company Education Board had net income of £1,305k after investment gains of £220k (2024: net expenditure of £480k after investment gains of £779k). The Schools have continued to reinvest in fixed assets with capital expenditure of £2.5m in the year (2024: £2.8m).

Gross income for the year totalled £83.8m (2024 As Restated: £79.0m), of which tuition fees accounted for £72.7m (86.7% of the total) (2024 As Restated: £69.9m (88.4%)), catering sales £3.09m (3.7%) (2024: £3.09m (3.9%)), After School Club fees £1.35m (1.6%) (2024: £1.47m (1.9%)) and rents and lettings £1.3m (1.5%) (2024: £1.1m (1.4%)). Surpluses generated on income and expenditure are applied to fund improvements to the schools' buildings, facilities and equipment.

Report of the Board *(continued)*

The Education Board approves the schools fees for Erskine Stewart's Melville Schools and George Watson's College following independent determination of the appropriate fee levels for the schools by their respective Governing Councils.

The average roll of the schools during the financial year was 4,875 (2024: 5,149). Demand for places at the schools remains good but very challenging in the junior end of both schools. The principal reason for this is the affordability of fees and parents hesitating to commit to a full 13 years of independent education. Demand in the senior schools remains good.

Reserves policy

The Schools budget to generate surpluses on income and expenditure in each financial year and these surpluses are generally applied to upgrade their property and facilities. At 31 July 2025, the Schools had reserves totalling £57.9m of which £39.3m was unrestricted, £15.1m was restricted and £3.5m was endowed. The balance of unrestricted reserves on the balance sheet does not represent free reserves because all of the value is tied up in property and fixed assets.

The Schools maintain cash balances to cover expenditure over the short term; cash and bank balances at 31 July 2025 totalled £16.5m (2024: £16.5m).

Investment policy

As at 31 July 2025 a sum of £9.9m (2024: £11.3m) was held in investments. £3.5m (2024 £3.4m) of these funds were endowed for the specific purpose of funding bursaries, scholarships and prizes. The management of the portfolio is based on long-term considerations, with policy directed towards achieving an appreciation in capital values, while at the same time aiming to generate a reasonable and growing level of income. This policy is reviewed annually.

Merchant Company defined benefit pension

The trustees resolved on 17 August 1999 to close the defined benefit pension scheme to new entrants because the Merchant Company employers had resolved to offer an alternative money purchase scheme to all new employees and existing employees who had not entered this scheme.

The triennial valuation of the pensions scheme as at 31 July 2021 showed a funding level of 99%. An FRS102 actuarial valuation was carried out as at 31 July 2021 which showed that assets of the scheme covered the liabilities. An asset ceiling adjustment has been made to prevent the Education Board recognising a pension asset as any surplus in the scheme is not recoverable by the employer.

Following a consultation with members, the scheme was closed to future accrual with effect from 1 November 2011. Members were given the option of joining the money purchase scheme currently offered to other employees. The decision to close the scheme was accepted by all members.

Risk Management

The Education Board is responsible for the overall management of risks faced by the Education Board and the Schools. The Audit and Risk Committee of the Education Board reviews the risks faced by the Education Board at least every year. Each of the Schools maintains a separate Risk Register in which significant risks are recorded together with an assessment of the likelihood and impact of each risk on the school and the controls which are in place to mitigate risk. The Governing Councils and Senior Management Teams of the Schools formally review their Risk Registers at least three times each year and decide on any further actions or controls required to manage risk.

Report of the Board *(continued)*

The Governing Councils of the Schools are also responsible for the continuing review and development of policies to ensure that the schools are managed with probity and efficiency, and regulations and guidelines for the welfare of pupils and staff are observed. Internal risks are mitigated through the application of these policies and the implementation of procedures for authorisation of all transactions and projects, and to ensure consistent quality of delivery across all elements of the schools' operation. External risks are controlled or mitigated by a continuous review of the external environment and the on-going adjustment of the schools' strategies, policies and procedures to anticipate and respond to changing circumstances.

The most significant risks faced by the Merchant Company Education Board and the Schools are shown below together with strategies and control measures for managing those risks:

Risks	Key strategies and control measures
1. Significant fall in pupil numbers	<ul style="list-style-type: none"> • Strategic plans and fee strategies to keep school fees competitive and affordable following the imposition of VAT on school fees from January 2025. • On-going investment in educational offering and facilities to remain competitive and comprehensive marketing and admissions strategies including for bursaries and short-term financial assistance.
2. Failure to manage higher costs	<ul style="list-style-type: none"> • Ongoing review of all expenditure including the staffing models of both schools to ensure they are as efficient as possible • Developing opportunities for generating additional non-fee income • Developing 10 year asset management plan so that the maintenance and development of the Schools' estates can be tailored to best support their business plans and support income generation. • Robust annual budgeting set within a 3-5 year financial strategy.
3. Serious damage to the reputation of the Schools	<ul style="list-style-type: none"> • Comprehensive procedures and policies for: Safeguarding and Child Protection, Disciplinary, codes of conduct for staff and pupils, Protection of Vulnerable Groups (PVG) scheme, Health and Safety and IT security. • Training for staff.
4. Failure of governance and management	<ul style="list-style-type: none"> • Selection and retention of quality staff, governors and trustees, comprehensive committee and reporting structures to provide oversight, reporting and accountability and robust succession planning for key individuals. • Appointment of professional, experienced individuals to the senior management teams, segregation of duties and authorisation processes and financial reporting process
5. Failure to manage significant change	<ul style="list-style-type: none"> • Change projects to be comprehensively planned and implemented with project governance and the project structures and reporting to support agile decision making • Comprehensive management of risks by relevant teams and boards, appointment of professional staff to manage and administer change and legal and professional support and advice • Careful planning to ensure that in a period of high level of change that the number of projects are manageable and deliverable whilst recognising that the schools must continue to deliver a first-class education to their pupils as their core purpose.

Report of the Board *(continued)*

The Education Board is satisfied that major risks faced by the Education Board and the Schools have been identified and that adequate controls for those that can be treated are in place to reduce the likelihood and/or impact of each risk. The Education Board recognises that any system of controls can only provide reasonable but not absolute assurance that risks have been adequately managed.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Education Board was constituted as a body corporate under the Edinburgh Merchant Company Endowments Order 1909 and is governed by the provisions of the Edinburgh Merchant Company Educational Endowments Scheme 1960, as amended. On 3 November 2011, OSCR approved the Merchant Company Education Board's new Constitution. The Education Board is registered as a charity with the Office of the Scottish Charity Regulator under charity reference number SC009747.

The Merchant Company Education Board is responsible for The Mary Erskine School and Stewart's Melville College, including their combined Junior School, and George Watson's College. The Education Board oversees the administration of their schools which is carried out by two Governing Councils, established in 1989, namely the ESMS Governing Council and the George Watson's College Governing Council. The Governing Councils are standing committees of the Merchant Company Education Board. The Governing Councils, assisted by their Finance Committees, are required to prepare annual accounts for the relevant schools giving a true and fair view of the state of affairs.

The Education Board is responsible for the preparation of consolidated accounts, which includes the George Watson's Family Foundation.

Composition of the Education Board and Committees

The members of the Education Board consist of:

- The Master and the Treasurer of the Master's Court of the Royal Company of Merchants of the City of Edinburgh;
- The Chairs of the Governing Councils of each of the Schools;
- Up to seven additional members, selected by the Nominations Committee of the Royal Company of Merchants of the City of Edinburgh ; and
- the Lord Dean of Guild of the Royal Company of Merchants of the City of Edinburgh may be invited to join the Education Board at the Master's sole discretion.

Membership of the Merchant Company Education Board			Standing Committees			
Name	Appointed /Retired	Education Board	Audit & Risk Committee	Nominations Committee	ESMS Governing Council	GWC Governing Council
Grant Macrae (Master)	November 2024	X	X	X		
Katie Ridland (Treasurer)	November 2024	X		X	X	
Don Young	July 2022	X		X		X
Grahame Walker	September 2022	X	X			
Hilary Turnbull	September 2022	X				
Dr Helen Wright	September 2023	X				
Brian McGhee	December 2023	X	X			
Ewan McIntosh	March 2025	X				

Report of the Board *(continued)*

Recruitment and Appointment

The members of the Education Board are invited to join the board following nomination. Through the Nominations Committee the procedure is in place to identify and recruit suitable individuals to provide strength and balance to the Education Board. They are appointed by the Education Board for a term of five years, and they can be re-elected.

In relation to the members of the Schools' Governing Councils, they consist of the Principal, the Education Board shall appoint (i) the Chair of the Governing Council, (ii) the Chair of the Finance Committee, (iii) the Chair of the Buildings Committee and (iv) up to three governors (who have been members of the Merchant Company for at least three years) and the Governing Council, following nomination by the Chair, shall appoint up to a further eight governors. There is a requirement that there is a majority of Royal Company of Merchants of the City of Edinburgh members on the Governing Councils of the Schools to ensure knowledge and experience expected of Royal Company of the City of Merchants of the City of Edinburgh.

Training of Members and Governors

On appointment, all Education Board members are given a copy of The Edinburgh Merchant Company Education Board Scheme 2011 and the Merchant Company Standing Orders made under the Scheme in 2011 as amended. They are also given a copy of all papers already distributed to members in regard to current issues of significance, provided with the opportunity to visit the Schools and made aware of all training opportunities that are intimated to the Secretary of the Education Board.

Members of the Governing Council are inducted into the governance and workings of the schools by the Chair of the Governing Council, the Principal and the Bursar/COO/CFO. They are invited to join committees dealing with aspects of the school's work, are variously invited to attend governors' days or conferences or away days with senior staff or to shadow a member of staff or pupil of the school. They are also made aware by the school of any significant issues arising between meetings of Governing Council and of all training opportunities that are intimated to the school and in particular, training and seminars held by the Scottish Council of Independent Schools.

Organisational management

The Education Board is responsible for the strategic direction of the Schools and associated decisions and routinely meets at least four times a year. The Education Board is supported from the Schools by their Governing Councils which are standing committees of the Education Board. The Governing Councils are responsible for the overall management and control of each of the schools.

The Governing Councils formally report to the Education Board at least four times each year on achievements and performance, significant educational and staff developments, financial performance and risk, property issues and capital development. Strategy, budgets, annual accounts and major capital development as well as the appointment of a new Principal are all matters reserved for the approval of the Education Board.

Report of the Board *(continued)*

Group Structure and Relationship

The Education Board is a charity, and this is the focus for all supporting and subsidiary activities. There are two subsidiaries incorporated through which the schools can undertake commercial activities:

- ESMS Enterprises Limited, a wholly owned subsidiary company incorporated in Scotland with company number: SC139534; and
- GWC Trading UK Limited (dormant), a wholly owned subsidiary company incorporated in Scotland with company number: SC588763.

George Watson's Family Foundation is consolidated into the financial statements. It provides financial assistance for pupils who would otherwise be unable to attend GWC, provides support for pupils whose families experience short term financial difficulties and provides assistance to maintain and develop the property and facilities of GWC. The Family Foundation is a registered charity with number SC004818.

On behalf of the Education Board:


Grant Macrae – 2026-02-19, 16:55:15 UTC

Grant Macrae
Chair

..... 2026

Statement of Edinburgh Merchant Company Education Board's Responsibilities

The Education Board is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Education Board 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 of the charity for that period. In preparing these financial statements, the Education Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Education Board will continue in operation.

The Education Board has delegated to the Governing Councils of Erskine Stewart's Melville and George Watson's College through their respective finance committees and the Secretary of the Education Board the responsibility for keeping proper 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 Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's Constitution. 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.

Disclosure of information to auditors

In so far as the Members are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Members have taken all steps that it ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Members are responsible for the maintenance and integrity of the charity and other information included in the charity's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of the Edinburgh Merchant Company Education Board

Opinion

We have audited the financial statements of the Edinburgh Merchant Company Education Board (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2025 which comprise the Group and Parent Charity Statement of Financial Activities, the Group and Parent Charity Balance Sheet, the Group Statement of Cash Flows and the related notes to the financial statements, 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 FRS 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 group and parent charity's affairs as at 31 July 2025 and of the group and parent charity's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006

Basis of 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 Members' 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 Members 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 Report of the Board, other than the financial statements and our auditor's report thereon. The Members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of the Edinburgh Merchant Company Education Board *(continued)*

Matters on which we are required to report by exception

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

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

Responsibilities of Members

As explained more fully in the Statement of Boards' responsibilities, set out on page 16, the Members 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 Members 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 Members 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 Members either intend 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charity. We determined that the following were most relevant: Compliance with the requirements of the PVG Scheme, the Care Inspectorate, the SQA, and OSCR; health and safety including fire safety; Data Protection Act 2018; and employment law (including payroll and pension regulations);
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

Independent auditors' report to the members of the Edinburgh Merchant Company Education Board *(continued)*

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

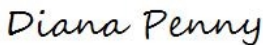
- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board and Governor meeting minutes for discussions of irregularities including fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of tangible assets and listed investments, bad debt provisions, accruals and deferred income and the valuation of defined benefit pension scheme obligations;
- Documenting and verifying all significant related party balances and transactions;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- Testing key revenue lines, in particular cut-off, for evidence of management bias; and
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the 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. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 charity's Members, 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 Members 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 Members as a body, for our audit work, for this report, or for the opinions we have formed.


Diana Penny – 2026-02-19, 20:44:45 UTC

Henderson Loggie LLP

Chartered Accountants

Statutory Auditor

(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

Level 5, The Stamp Office

10-14 Waterloo Place

Edinburgh

EH1 3EG

Date: 2026

Group statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 July 2025

	Note	Unrestricted funds	Restricted funds	Endowment Funds	Total 2025	Unrestricted funds	Restricted funds	Endowment Funds	Total 2024 As Restated
		£	£	£	£	£	£	£	£
Income and endowments from:									
Donations and legacies	2	174,997	2,562,321	-	2,737,318	1,656	1,247,628	-	1,249,284
Other trading activities	3	1,334,359	-	-	1,334,359	1,077,683	-	-	1,077,683
Investments	4	218,126	519,365	126,680	864,171	218,764	430,487	112,869	762,120
Charitable activities	5	78,569,758	328,001	-	78,897,759	75,640,317	315,814	-	75,956,131
Other	6	2,900	-	-	2,900	2,224	1,000	-	3,224
Total income and endowments		80,300,140	3,409,687	126,680	83,836,507	76,940,644	1,994,929	112,869	79,048,442
Expenditure on:									
Raising funds	7	(432,477)	(46,550)	(4,461)	(483,488)	(415,709)	(46,202)	(4,320)	(466,231)
Charitable activities	8	(79,898,987)	(2,267,784)	(101,787)	(82,268,558)	(78,271,778)	(1,484,850)	(84,399)	(79,841,027)
Total expenditure		(80,331,464)	(2,314,334)	(106,248)	(82,752,046)	(78,687,487)	(1,531,052)	(88,719)	(80,307,258)
Net income/(expenditure) before gains and losses		(31,324)	1,095,353	20,432	1,084,461	(1,746,843)	463,877	24,150	(1,258,816)
Net gains on investments		-	106,563	113,981	220,544	-	598,371	180,140	778,511
Net income/(expenditure)		(31,324)	1,201,916	134,413	1,305,005	(1,746,843)	1,062,248	204,290	(480,305)
Transfers between funds	21-23	-	-	-	-	-	-	-	-
Net movement in funds		(31,324)	1,201,916	134,413	1,305,005	(1,746,843)	1,062,248	204,290	(480,305)
Fund balances brought forward	21-23	39,311,524	13,872,946	3,421,543	56,606,013	41,058,367	12,810,698	3,217,253	57,086,318
Fund balances carried forward	21-23	39,280,200	15,074,862	3,555,956	57,911,018	39,311,524	13,872,946	3,421,543	56,606,013

All operations are continuing.

Parent Charity statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 July 2025

	Note	Unrestricted funds £	Restricted funds £	Endowment Funds £	Total 2025 £	Unrestricted funds £	Restricted funds £	Endowment Funds £	Total 2024 £
Income and endowments from:									
Donations and legacies	2	468,524	1,753,797	-	2,222,321	442,864	613,190	-	1,056,054
Other trading activities	3	1,334,359	-	-	1,334,359	1,077,683	-	-	1,077,683
Investments	4	218,126	251,667	126,680	596,473	218,764	184,228	112,869	515,861
Charitable activities	5	78,569,758	328,001	-	78,897,759	75,640,317	315,814	-	75,956,131
Other	6	2,900	-	-	2,900	2,224	-	-	2,224
Total income and endowments		80,593,667	2,333,465	126,680	83,053,812	77,381,852	1,113,232	112,869	78,607,953
Expenditure on:									
Raising funds	7	(432,477)	(24,235)	(4,461)	(461,173)	(415,709)	(27,484)	(4,320)	(447,513)
Charitable activities	8	(80,192,514)	(1,826,425)	(101,787)	(82,120,726)	(78,712,986)	(936,602)	(84,399)	(79,733,987)
Total expenditure		(80,624,991)	(1,850,660)	(106,248)	(82,581,899)	(79,128,695)	(964,086)	(88,719)	(80,181,500)
Net income/(expenditure) before gains and losses		(31,324)	482,805	20,432	471,913	(1,746,843)	149,146	24,150	(1,573,547)
Net gains on investments		-	(10,039)	113,981	103,942	-	394,287	180,140	574,427
Net income/(expenditure)		(31,324)	472,766	134,413	575,855	(1,746,843)	543,433	204,290	(999,120)
Transfers between funds	21-23	-	-	-	-	-	-	-	-
Net movement in funds		(31,324)	472,766	134,413	575,855	(1,746,843)	543,433	204,290	(999,120)
Fund balances brought forward	21-23	39,311,524	7,538,713	3,421,543	50,271,780	41,058,367	6,995,280	3,217,253	51,270,900
Fund balances carried forward	21-23	39,280,200	8,011,479	3,555,956	50,847,635	39,311,524	7,538,713	3,421,543	50,271,780

All operations are continuing.

Group & Parent Charity Balance Sheet at 31 July 2025

		Group	2025 Parent Charity	Group	2024 Parent Charity
	Note	£	£	£	£
Fixed assets					
Tangible assets	14	57,742,002	57,742,002	59,089,616	59,089,616
Investments	15	9,860,348	6,458,129	11,291,010	7,992,699
		<u>67,602,350</u>	<u>64,200,131</u>	<u>70,380,626</u>	<u>67,082,315</u>
Current assets					
Stocks	16	52,046	52,046	48,671	48,671
Debtors	17	3,591,566	4,204,213	4,015,143	3,915,066
Cash at bank and in hand		16,543,977	12,262,966	16,477,110	13,543,663
		<u>20,187,589</u>	<u>16,519,225</u>	<u>20,540,924</u>	<u>17,507,400</u>
Creditors: amounts falling due within one year	18	(21,233,346)	(21,226,146)	(21,302,234)	(21,304,632)
Net current liabilities		<u>(1,045,757)</u>	<u>(4,706,921)</u>	<u>(761,310)</u>	<u>(3,797,232)</u>
Total assets less current liabilities		<u>66,556,593</u>	<u>59,493,210</u>	<u>69,619,316</u>	<u>63,285,083</u>
Creditors: amounts falling due after more than one year	19	(8,645,575)	(8,645,575)	(13,013,303)	(13,013,303)
Net assets		<u>57,911,018</u>	<u>50,847,635</u>	<u>56,606,013</u>	<u>50,271,780</u>
Funds					
General (unrestricted) funds	21	39,280,200	39,280,200	39,311,524	39,311,524
Restricted funds	22	15,074,862	8,011,479	13,872,946	7,538,713
Permanent endowment funds	23	3,555,956	3,555,956	3,421,543	3,421,543
Total funds	24	<u>57,911,018</u>	<u>50,847,635</u>	<u>56,606,013</u>	<u>50,271,780</u>

The financial statements were approved by the Education Board on 2026 and signed on its behalf by:


Grant Macrae - 2026-02-19, 16:55:15 UTC

Grant Macrae
Chair

Charity number SC009747

Group Statement of cash flows for the year ended 31 July 2025

	2025 £	2024 £
Cash flows from operating activities		
Net income	1,305,005	(480,305)
Loss/ (Gains) on investments	(220,544)	(778,511)
(Increase)/ decrease in stock	(3,375)	(13,789)
(Increase)/ decrease in debtors	423,577	(466,037)
Increase/(decrease) in creditors	(3,791,241)	14,684,324
Depreciation charges	3,413,779	3,149,003
(Gain)/ loss on disposal of assets	(2,900)	14,002
Investment income	(864,171)	(762,120)
Interest paid	1,009,210	1,047,011
Cash provided by operating activities	1,269,340	16,393,578
Cash flows from investing activities		
Investment income	864,171	762,120
Interest paid	(1,009,210)	(1,047,011)
Payments to acquire fixed assets	(2,474,824)	(2,776,820)
Proceeds from the sale of fixed assets	411,559	67,696
Payments to acquire investments	(2,147,153)	(813,520)
Proceeds from the sale of investments	7,781,285	1,400,119
Movement in cash held for re-investment	(3,982,926)	(52,644)
Cash used in investing activities	(557,098)	(2,460,060)
Cash flows from financing activities		
Finance leases repaid in the year	(102,467)	(215,470)
Bank loans repaid in the year	(542,908)	(512,441)
Cash provided by/(used in) financing activities	(645,375)	(727,911)
Net cash movement in the year	66,867	13,205,607
Cash and cash equivalents at start of the year	16,477,110	3,271,503
Cash and cash equivalents at end of the year	16,543,977	16,477,110
Cash and cash equivalents comprise:		
Cash at bank and in hand	16,543,977	16,477,110
Bank overdraft	-	-
	16,543,977	16,477,110

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the Education Board's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The charity is a Public Benefit Entity. The financial statements are compliant with the charity's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice (SORP) FRS 102 "Accounting and Reporting by Charities", in accordance with Financial Reporting Standard 102 (FRS 102), and applicable accounting standards.

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

Basis of Consolidation

The consolidated group financial statements consist of the financial statements of the parent charity, the Merchant Company Education Board, together with all entities controlled by the parent charity (its subsidiary, namely the George Watson's Family Foundation (Registered Charity Number SC004818)). All financial statements are made up to 31 July 2025. Although GWFF is a separate registered charity, it is integral to George Watsons College, and hence MCEB.

All intra-group transactions and balances between group entities are eliminated on consolidation.

The subsidiary is consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Going concern

The financial statements have been prepared on a going concern basis. The Finance Committees and Governing Councils of the schools, on behalf of the Members have considered relevant information, including the business plan, forecast future cash flows and the impact of subsequent events in making their assessment and reported this information to the Members of the Education Board, on the basis of which the Members are satisfied that the Edinburgh Merchant Company Education Board is a going concern.

In making these assessments the key scenarios and assumptions are around monitoring pupil numbers and trends, affordability of fee levels. The imposition of VAT on school tuition fees effective from 1 January 2025 has had a huge impact on the affordability of fees. Both schools are reviewing and changing their operating models in order to meet this challenge. Work is on-going to reduce the cost base and to work with parents to enable them to continue educating their children in our schools.

The Members, having reviewed both Schools' forecasts and plans, expect that the Education Board has sufficient resources at its disposal to carry out the current plans for the Schools and therefore continue in operational existence for at least the next 12 months. The Members continue to be mindful of the current economic situation in developing their plans for future investment. On this basis, the Members are satisfied that it is appropriate to prepare the accounts on a going concern basis.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting bursaries, allowances, scholarships and other remissions granted by the School. Fees consist of charges for pupils attending the Schools. The charges are the amounts due for the year ending 31 July.

Notes (continued)

1 Accounting policies (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation has been granted, the estate has been finalised and notification has been made by the executor(s) to the trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of confirmation, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from Interest and Dividends

Investment income is applied to the restricted, unrestricted and endowed funds on the basis of investments held within each fund. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank. Dividends are accrued when the shareholder's right to receive payment is established. Measurement is at the fair value receivable, which will normally be the transaction value.

Donated goods, facilities and services

Donated goods, services and facilities are recognised as income when the charity has control over the item(s), any conditions attached have been met, the receipt of economic benefit from the use of the item(s) is probable and the economic benefit can be measured reliably. In accordance with Charity SORP, volunteer time is not recognised.

On receipt, donated goods, services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have had to pay to obtain the equivalent economic benefit on the open market. A corresponding amount is also recognised as expenditure in the period of receipt.

Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. The irrecoverable element of VAT is included with the item of expense to which it relates. Expenditure is classified under the following activity headings:

- Expenditure on raising funds income include the costs of raising donations and legacies and investment management costs on the investment portfolio.
- Expenditure on charitable activities include the costs of providing teaching services. In addition teaching costs include supplies of books, stationery, games equipment and sundry materials are charged against revenue in the year in which the expenditure is incurred.
- Other expenditure represents those items not falling into any other heading.

Redundancy and termination payments are recognised in the year to which they relate.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Education Board's charitable activities. Governance costs are those associated with the constitutional and statutory requirements of the charity.

Expenditure is allocated to expense headings either on a direct cost basis, or apportioned according to time spent.

Notes (continued)

1 Accounting policies (continued)

Fixed assets

Fixed assets are capitalised at cost. Depreciation is provided on all fixed assets in use, other than heritable land, at rates and bases calculated to write off the cost of each asset over its expected useful life, on a straight line basis, as follows:

Heritable buildings	Up to 50 years
Leasehold improvements	Over life of lease
Heating plant & Other plant and equipment	5 - 15 years
Motor vehicles & Computer equipment	4 years

Investments and investment income

Investments are a form of basic financial instrument. The investments are brought into account at fair value. The value applied to listed investment is the middle market price of that investment at the close of business at the year end. The main form of financial risk faced by the charity is that of volatility in the investment markets due to wider economic conditions.

The investment in subsidiary undertakings represents the cost of investments in ESMS Enterprises Limited, a wholly owned subsidiary company incorporated in Scotland with company number: SC139534 and GWC Trading UK Limited a wholly owned subsidiary company incorporated in Scotland with company number: SC588763. These entities are not consolidated in these financial statements on grounds of immateriality.

Investment income and gains and losses are recognised in the statement of financial activities in the year in which they arise. Unrealised gains and losses are included in the statement of financial activities on the same basis of investments held within each relevant fund.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Cash and cash equivalents

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Debtors

Trade and other debtors are recognised at the settlement amount due after any fee discounts and rebates. Prepayments are valued at the amount prepaid after taking account of any discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Members in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Notes (continued)

1 Accounting policies (continued)

Designated funds comprise unrestricted funds that have been set aside by the Members for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering funds are charged against the specific fund.

Endowment funds represent the original endowment of the charity as adjusted for gains and losses arising in investments. The income generated from the investments are used largely in the provision of bursaries to school pupils.

Taxation

The Education Board is registered as a charity and has no liability to corporation tax on surpluses.

Defined benefit pension scheme

The charity operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Education Board. Pension scheme assets and liabilities are measured by a qualified actuary using the assumptions set out in note 13. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full on the Balance Sheet.

Defined contribution pension scheme

The charity also operates a pension scheme providing benefits based on contributions. Employer contributions are charged to the SOFA in the period to which they relate.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Prior year restatement

In reviewing the allocation of bursaries and remissions, the Members have determined that due to the application of these allowances being common practice, they are in effect discounts and form part of the public benefit the School offers as a registered charity. As a result, the bursaries and remissions should be allocated against the school fees to present a net school fees position in the Statement of Financial Activities. As part of the application of this allocation in the current year, the decision was taken to retrospectively correct the position and thus the prior period figures have been restated accordingly.

This adjustment has no impact on the net expenditure for the period, however charitable income and expenditure on charitable activities have both reduced by £5,945,720.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

Notes (continued)

In preparing these financial statements, the Members have made the following judgements:

- Fixed assets are assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.
- Bad debt provisions are based on knowledge of probability of recoverability depending on the debtor's circumstances.

The following are the charity's key sources of estimation uncertainty:

- The value of the asset/liability in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates. The pension scheme is in surplus and this has not been reported in the financial statements as the Education Board surplus may not be recoverable by the employer.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Accruals and deferred income primarily relate to material amounts of deferred income arising from school trips taking place after the year end. In addition, accruals have been recognised for other costs and estimates, including utilities such as gas and electricity, where invoices had not yet been received at the reporting date. These balances require management judgement in determining the appropriate amounts to recognise.
- Significant costs relating to RAAC concrete remediation works were incurred during the year. There is a risk that certain non-capital items could be incorrectly classified as capital, leading to understatement of expenditure. Given the scale and nature of RAAC works, management judgement is required in determining the appropriate recognition and classification of these costs.

2 Donations and legacies

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £
Group						
Donations	174,997	2,562,321	2,737,318	1,656	1,247,628	1,249,284

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £
Parent Charity						
Donations	468,524	1,753,797	2,222,321	442,864	613,190	1,056,054

GWFF as a separate charity allocates donations within its accounts differently to the treatment within the Group in terms of reserves

Notes (continued)

3 Other trading activities (unrestricted)

<i>Group & Parent Charity</i>	Total 2025 £	Total 2024 £
Rents and lettings	1,334,359	1,077,683
	1,334,359	1,077,683

4 Income from investments

	Unrestricted 2025 £	Restricted 2025 £	Endowed 2025 £	Total 2025 £	Total 2024 £
<i>Group</i>					
Investment income	-	262,723	113,862	376,585	397,035
Interest	218,126	256,642	12,818	487,586	365,085
	218,126	519,365	126,680	864,171	762,120
2024 total	218,764	430,487	112,869	762,120	

	Unrestricted 2025 £	Restricted 2025 £	Endowed 2025 £	Total 2025 £	Total 2024 £
<i>Parent Charity</i>					
Investment income	-	137,479	113,862	251,341	283,812
Interest	218,126	114,188	12,818	345,132	232,049
	218,126	251,667	126,680	596,473	515,861
2024 total	218,764	184,228	112,869	515,861	

5 Income from charitable activities

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Total 2024 As Restated £
<i>Group & Parent Charity</i>				
Fees receivable	72,741,638	-	72,741,638	69,917,460
Bursaries, scholarships and prizes	-	328,001	328,001	315,814
Registration fees	53,874	-	53,874	50,460
Catering sales	3,083,192	-	3,083,192	3,088,898
After school club fees	1,347,355	-	1,347,355	1,466,734
Pupils buses	452,847	-	452,847	427,894
Music instrument hire	177,954	-	177,954	185,822
Other	712,898	-	712,898	503,049
	78,569,758	328,001	78,897,759	75,956,131
2024 total	75,640,317	315,814	75,956,131	

Notes (continued)

6 Other income

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Total 2024 £
Group				
Gain on sale of assets	2,900	-	2,900	-
Miscellaneous income	-	-	-	3,224
	<u>2,900</u>	<u>-</u>	<u>2,900</u>	<u>3,224</u>
2024 total	<u>2,224</u>	<u>1,000</u>	<u>3,224</u>	
	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Total 2024 £
Parent Charity				
Gain on sale of assets	2,900	-	2,900	-
Miscellaneous income	-	-	-	2,224
	<u>2,900</u>	<u>-</u>	<u>2,900</u>	<u>2,224</u>
2024 total	<u>2,224</u>	<u>-</u>	<u>2,224</u>	

7 Expenditure on raising funds

	Unrestricted 2025 £	Restricted 2025 £	Endowed 2025 £	2025 £	2024 £
Group					
Wage and salary cost of raising funds (note 12)	432,477	-	-	432,477	415,709
Costs of generating voluntary income	-	1,319	-	1,319	72
Investment management fees	-	45,231	4,461	49,692	50,450
	<u>432,477</u>	<u>46,550</u>	<u>4,461</u>	<u>483,488</u>	<u>466,231</u>
2024 total	<u>415,709</u>	<u>46,202</u>	<u>4,320</u>	<u>466,231</u>	
	Unrestricted 2025 £	Restricted 2025 £	Endowed 2025 £	2025 £	2024 £
Parent Charity					
Wage and salary cost of raising funds (note 12)	432,477	-	-	432,477	415,709
Investment management fees	-	24,235	4,461	28,696	31,804
	<u>432,477</u>	<u>24,235</u>	<u>4,461</u>	<u>461,173</u>	<u>447,513</u>
2024 total	<u>415,709</u>	<u>27,484</u>	<u>4,320</u>	<u>447,513</u>	

Notes (continued)

8 Expenditure on charitable activities

Group	Unrestricted 2025 £	Restricted 2025 £	Endowed 2025 £	Total 2025 £	Total 2024 As Restated £
Wages and salaries (note 12)	47,868,972	-	-	47,868,972	46,886,002
Foundationers Grants	-	495,430	-	495,430	373,159
School expenditure	-	434,159	-	434,159	579,338
Fee reductions	151,972	-	-	151,972	260,473
Bursaries, scholarships and prizes	(6,606)	1,258,681	101,643	1,353,718	602,413
Examinations costs	316,059	-	-	316,059	325,792
Teaching materials	1,020,562	-	-	1,020,562	1,057,856
Staff development	225,262	-	-	225,262	128,878
Transport costs	1,424,511	-	-	1,424,511	1,156,237
Educational projects cost	1,793,439	-	-	1,793,439	1,366,234
Other educational costs	2,337,624	1,904	-	2,339,528	1,970,531
Catering costs	3,326,804	-	-	3,326,804	3,492,868
Total direct costs	58,458,599	2,190,174	101,643	60,750,416	58,199,781
Property costs (note 9)	12,529,849	70,410	-	12,600,259	13,328,096
Support costs (note 10)	8,841,916	-	144	8,842,060	8,215,961
Governance Costs (note 11)	68,623	7,200	-	75,823	97,189
	79,898,987	2,267,784	101,787	82,268,558	79,841,027

	Restated Unrestricted 2024 £	Restated Restricted 2024 £	Restated Endowed 2024 £	Total 2024 As Restated £
2024				
Direct costs	56,699,827	1,415,699	84,255	58,199,781
Property costs	13,266,145	61,951	-	13,328,096
Support costs	8,215,817	-	144	8,215,961
Governance costs	89,989	7,200	-	97,189
2024 total	78,271,778	1,484,850	84,399	79,841,027

Notes (continued)

	Unrestricted 2025 £	Restricted 2025 £	Endowed 2025 £	Total 2025 £	Total 2024 As Restated £
Parent Charity					
Wages and salaries (note 12)	47,868,972	-	-	47,868,972	46,886,002
Foundationers Grants	-	495,430	-	495,430	411,449
School expenditure	-	-	-	-	-
Fee reductions	151,972	-	-	151,972	260,473
Bursaries, scholarships and prizes	(6,606)	1,258,681	101,643	1,353,718	602,413
Examinations costs	316,059	-	-	316,059	325,792
Teaching materials	1,020,562	-	-	1,020,562	1,057,946
Staff development	225,262	-	-	225,262	235,840
Transport costs	1,424,511	-	-	1,424,511	1,156,237
Educational projects cost	1,793,439	-	-	1,793,439	1,366,234
Other educational costs	2,631,151	1,904	-	2,633,055	2,304,687
Catering costs	3,326,804	-	-	3,326,804	3,492,868
Total direct costs	58,752,126	1,756,015	101,643	60,609,784	58,099,941
Property costs (note 9)	12,529,849	70,410	-	12,600,259	13,328,096
Support costs (note 10)	8,841,916	-	144	8,842,060	8,215,961
Governance Costs (note 11)	68,623	-	-	68,623	89,989
	80,192,514	1,826,425	101,787	82,120,726	79,733,987
	Restated Unrestricted 2024 £	Restated Restricted 2024 £	Restated Endowed 2024 £	Total 2024 As Restated £	
2024					
Direct costs	57,141,035	874,651	84,255	58,099,941	
Property costs	13,266,145	61,951	-	13,328,096	
Support costs	8,215,817	-	144	8,215,961	
Governance costs	89,989	-	-	89,989	
2024 total	78,712,986	936,602	84,399	79,733,987	

9 Property costs

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £	Total 2024 £
Group & Parent Charity				
Wages and salaries (note 12)	689,171	-	689,171	800,562
Ground maintenance	103,021	-	103,021	125,109
Rates	1,562,539	-	1,562,539	1,668,506
Insurance	516,643	-	516,643	459,183
Heat and light	3,252,236	-	3,252,236	4,023,001
Cleaning	1,360,469	-	1,360,469	1,233,291
Repairs and maintenance	1,621,219	-	1,621,219	1,661,271
Depreciation	3,371,568	70,410	3,441,978	3,149,002
RAAC Expenditure	52,983	-	52,983	208,171
	12,529,849	70,410	12,600,259	13,328,096

Notes (continued)

	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £
Group & Parent Charity			
Wages and salaries (note 12)	800,562	-	800,562
Ground maintenance	125,109	-	125,109
Rates	1,668,506	-	1,668,506
Insurance	459,183	-	459,183
Heat and light	4,023,001	-	4,023,001
Cleaning	1,233,291	-	1,233,291
Repairs and maintenance	1,661,271	-	1,661,271
Depreciation	3,087,051	61,951	3,149,002
	208,171	-	208,171
	<u>13,266,145</u>	<u>61,951</u>	<u>13,328,096</u>

10 Support costs

	Total 2025 £	Total 2024 £
Group & Parent Charity		
Wages and salaries (note 12)	5,067,392	4,577,853
Advertising	328,089	260,849
Telephone	36,018	72,503
Stationery, postage, printing and photocopying	276,064	312,547
Subscriptions	162,867	155,866
Marketing	70,103	171,379
Professional fees	691,499	584,451
Computer costs	374,021	450,222
Finance costs	1,009,210	1,047,011
Other costs	826,797	583,280
	<u>8,842,060</u>	<u>8,215,961</u>

11 Governance costs

	Total 2025 £	Total 2024 £
Group		
Governors' meetings and professional fees	260	303
Auditors' remuneration	64,700	63,065
Fees paid to auditor for non-audit services	10,425	13,877
Other	438	19,944
	<u>75,823</u>	<u>97,189</u>
	Total 2025 £	Total 2024 £
Parent Charity		
Governors' meetings and professional fees	260	303
Auditors' remuneration	57,500	55,865
Fees paid to auditor for non-audit services	10,425	13,877
Other	438	19,944
	<u>68,623</u>	<u>89,989</u>

Notes (continued)

12 Staff Costs

	2025	2024
	£	£
Group & Parent Charity		
Wages and salaries	40,951,725	41,091,963
Social security costs	4,885,331	4,476,201
Pension contributions	7,627,565	7,111,962
Termination payments	593,391	-
	54,058,012	52,680,126
Allocated between:		
Teaching costs	47,868,972	46,886,002
Property costs	689,171	800,562
Support costs	5,067,392	4,577,853
Raising funds	432,477	415,709
	54,058,012	52,680,126

The average number of employees during the year was:

	2025	2024
	Number	Number
Teaching	574	586
Ancillary to teaching	319	324
Administration & catering	169	166
Maintenance	43	44
	1,105	1,120

The number of employees whose emoluments for the year fall above £60,000 are as follows:

£60,000 - £69,999	87	79
£70,000 - £79,999	9	19
£80,000 - £89,999	17	23
£90,000 - £99,999	9	7
£100,000 - £109,999	4	4
£110,000 - £119,999	4	4
£120,000 - £129,999	1	1
£140,000 - £149,999	1	-
£200,000 - £209,999	1	-
£210,000 - £219,999	-	1
£260,000 - £269,999	1	-
£300,000 - £310,999	-	1

Key management personnel remuneration including employer's NI totalled £2,589,776 (2024: £2,301,459), including termination benefits of £137,698 (2024: Nil).

Amounts payable to pension schemes on behalf of all employees which are included within creditors at the year end are £838,154 (2024: £798,823). This represents part of one month's deductions which are due for payment in August 2025.

No Trustees received reimbursement of travel expenses, remuneration or other payments (2024: Nil).

Notes (continued)

13 Pensions

The Education Board contributes to three separate pension schemes:-

(a) Scottish Teachers' Superannuation Scheme

Amounts are paid into the Scottish Teachers Superannuation Scheme to provide pensions for teaching staff. The scheme is a defined benefit scheme administered independently of the Education Board. The contributions are determined by a qualified actuary on the basis of five yearly valuations using the prospective benefit valuation method. The employer's contribution rate was set at 28.68% from 1 April 2024. Employee contributions are stepped, according to the level of their pensionable pay and rates vary from 7.2% to 11.9%. The results of the next revaluation are expected to be announced in mid-2026 and implemented in April 2027. The pension costs charged in these accounts for this scheme was £6,778,503 (2024: £6,310,581) which were the contributions due for the year.

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

(b) The Merchant Company Retirement Benefit Scheme

The Education Board makes pension contributions to the Merchant Company Retirement Benefits Scheme, a defined benefits scheme. The assets of the scheme are held separately from those of the Merchant Company in an independently administered fund. The Schools are unable to identify their share of the underlying liabilities of the scheme and therefore account for the contributions to the scheme as if it were a defined contribution scheme.

During the year, the employer's deficit contribution was nil (2024: £Nil).

The scheme closed to future accrual on 1 November 2011. At this date pensionable service under the scheme ceased for all active members; however members were granted additional benefits equivalent to one year of pensionable service and an increase of 4% in basic salary in compensation for loss of pension benefits. All members were offered the option of joining the existing defined contribution scheme for support staff from 1 November 2011 to provide continuing pension benefits.

Principal Actuarial assumptions for the defined benefit scheme

The following information is based upon an FRS 102 valuation of the fund at 31 July 2025:

	2025	2024
	% p.a.	% p.a.
Price inflation rate (RPI)	2.90	3.10
Price inflation rate (CPI)	2.65	2.85
Salary increase rate	4.10	4.10
Discount rate	5.70	4.90
	<hr/>	<hr/>

Life expectancy is based on the CMI Mortality Projections Model 2020 converging to 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Notes (continued)

13 Pensions (continued)

	Males	Females
Current pensioners	20.2 years	23.1 years
Future pensioners	21.6 years	24.6 years
The net pension (deficit)/asset was:		
	2025	2024
	£000	£000
Estimated employer assets	14,461	15,477
Present value of scheme liabilities	(8,808)	(9,473)
Effect of asset ceiling	(5,653)	(6,004)
Net pension (deficit)/asset	-	-

An asset ceiling adjustment has been made to prevent the Education Board recognising a pension asset as any surplus may not be recoverable by the employer.

Reconciliation of fair value of scheme assets:

	2025	2024
	£000	£000
Opening fair value of scheme assets	15,477	14,779
Contributions by employer not previously recognised	-	1
Expected return on assets	736	749
Contributions by employer	-	-
Actuarial gains/(losses)	(846)	697
Admin expenses paid from plan assets	(122)	(135)
Estimated benefits paid	(784)	(614)
	14,461	15,477

Reconciliation of defined benefit obligation:

	2025	2024
	£000	£000
Opening defined benefit obligation	9,473	9,460
Interest cost	444	476
Actuarial losses/(gains)	(325)	151
Estimated benefits paid	(784)	(614)
	8,808	9,473

(c) Personal Retirement Plan

Since 1999 a new scheme has been entered into for support staff, pension contributions are made to a Personal Retirement Plan. The scheme is a defined contribution scheme and is administered independently of the Education Board. The employer's contribution is 8% and the scheme minimum employee contribution is 5%. During the year the employer's contribution was £849,062 (2024 - £801,381).

Notes (continued)

14 Tangible fixed assets

<i>Group & Parent Charity</i>	Heritable property £	Leasehold improvements £	Assets in course of construction £	Plant and equipment £	Motor vehicles £	Total £
Cost						
At beginning of year	83,998,356	10	202,296	16,218,141	297,549	100,716,352
Additions	1,320,011	-	326,365	809,191	19,257	2,474,824
Disposals	(27,402)	-	-	(376,247)	(5,012)	(408,660)
Transfers	84,869	-	(177,029)	92,160	-	-
At end of year	85,375,834	10	351,632	16,743,245	311,794	102,782,516
Depreciation						
At beginning of year	29,154,427	-	-	12,218,980	253,329	41,626,736
Charge for year	2,260,202	-	-	1,166,042	25,818	3,452,062
Disposals	(2,184)	-	-	(36,100)	-	(38,284)
At end of year	31,412,445	-	-	13,348,922	279,147	45,040,514
Net book value						
At 31 July 2025	53,963,390	10	351,632	3,394,323	32,647	57,742,002
At 31 July 2024	54,843,929	10	202,296	3,999,161	44,219	59,089,616

The cost of heritable property at 31 July 2025 and 31 July 2024 includes items brought in at a valuation in 1960 of £2,002,500.

The net book value of assets includes amounts of £74,730 (2024: £163,570) in respect of assets held under hire purchase contracts. The depreciation charge in the year on these assets was £75,014 (2024: £141,419).

Notes (continued)

15 Investments Group

Market value	Equity £	Fixed interest £	Listed Investments Total £	Cash held for Re- investment £	Investment in Subsidiary £	Total £
At beginning of year	5,798,650	5,367,423	11,166,073	124,837	100	11,291,010
Additions	1,508,648	638,505	2,147,153	(2,147,153)	-	-
Disposals	(4,146,399)	(3,634,886)	(7,781,285)	7,781,285	-	-
Revaluation in year	204,489	16,055	220,544	-	-	220,544
Movement in cash for investment	-	-	-	(1,651,206)	-	(1,651,206)
At end of year	3,365,388	2,387,097	5,752,485	4,107,763	100	9,860,348

	2025 £	2024 £
Historical cost of listed investments	4,505,334	9,934,702

Parent Charity

Market value	Equity £	Fixed interest £	Listed Investments Total £	Cash held for Re- investment £	Investment in Subsidiary £	Total £
At beginning of year	3,690,160	4,181,722	7,871,882	120,717	100	7,992,699
Additions	1,330,165	575,610	1,905,775	(1,905,775)	-	-
Disposals	(3,958,050)	(3,564,997)	(7,523,047)	7,523,047	-	-
Revaluation in year	110,177	(6,235)	103,942	-	-	103,942
Movement in cash for investment	-	-	-	(1,638,512)	-	(1,638,512)
At end of year	1,172,452	1,186,100	2,358,552	4,099,477	100	6,458,129

	2025 £	2024 £
Historical cost of listed investments	1,506,683	4,475,942

The below information pertains to both the Group & the Parent Charity investments.

The portfolios are managed by Baillie Gifford, Brooks MacDonald & Aubrey Capital Management. All investments are carried at their fair value. Investments in equities and bonds are traded in quoted public markets. Holdings in multi-asset funds are at bid price. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at their transaction value.

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility to growth and incomes. The investment strategy is to maximise income and ensure capital growth of funds in excess of inflation each year and as such the portfolio is invested in medium to high risk stocks. Liquidity risk is anticipated to be low as all assets are traded in markets with good liquidity and high trading volumes and this is expected to continue. The charity manages these investment risks by retaining expert advisors to manage its investment portfolio.

Notes (continued)

The investment in subsidiary undertakings represents the cost of investments in ESMS Enterprises Limited, a wholly owned subsidiary company incorporated in Scotland with company number: SC139534 & GWC Trading UK Limited a wholly owned subsidiary company incorporated in Scotland with company number: SC588763. The results of ESMS Enterprises Limited and GWC Trading UK Limited in the year, which are not consolidated in these financial statements on grounds of immateriality, are as follows:

	2025 £	2024 £
Profit/(loss) for the year	109,932	(6,888)
Gift aid donation to the Education Board	-	-
	<hr/>	<hr/>
Net assets/(liabilities)	103,906	(6,026)
	<hr/>	<hr/>

GWC Trading Limited was dormant in the year and has net assets of £1 (2024; £1).

16 Stocks

	2025 £	2024 £
Group & Parent Charity		
Prospectus, stationery and other	52,046	48,671
	<hr/>	<hr/>
	52,046	48,671
	<hr/>	<hr/>

17 Debtors

	2025 £	2024 £
Group		
School and boarding fees	441,524	157,236
Other debtors	385,137	775,438
Prepayments	2,764,905	3,082,469
	<hr/>	<hr/>
	3,591,566	4,015,143
	<hr/>	<hr/>

	2025 £	2024 £
Parent Charity		
School and boarding fees	441,524	157,236
Other debtors	385,137	775,438
Prepayments	2,693,258	2,982,392
Amounts owed by related party	684,294	-
	<hr/>	<hr/>
	4,204,213	3,915,066
	<hr/>	<hr/>

18 Creditors: amounts falling due within one year

	2025 £	2024 £
Group		
Bank loan and overdraft	494,054	530,299
Trade creditors	1,517,469	1,846,626
Taxes and social security	2,176,914	1,884,970
Other creditors	708,728	530,636
Accruals	5,640,726	4,284,545
Finance leases	75,462	177,929
Deferred Income – note 20	10,619,993	12,047,229
	<hr/>	<hr/>
	21,233,346	21,302,234
	<hr/>	<hr/>

Notes (continued)

	2025 £	2024 £
Parent Charity		
Bank loan and overdraft	494,054	530,299
Trade creditors	1,517,469	1,846,626
Taxes and social security	2,176,914	1,884,970
Other creditors	708,728	530,636
Accruals	5,633,526	4,277,345
Finance leases	75,462	177,929
Deferred Income – note 20	10,619,993	12,047,229
Amounts owed to related parties	-	9,598
	21,226,146	21,304,632

19 Creditors: amounts falling due after more than one year

	2025 £	2024 £
Group & Parent Charity		
Bank loans	5,534,184	6,040,847
Other creditors	25,900	53,300
Deferred Income – note 20	3,085,491	6,919,156
	8,645,575	13,013,303

Analysis of bank loans due after more than one year

	2025 £	2024 £
Due within 2- 5 years	4,275,421	4,455,021
Due after more than 5 years	1,258,763	1,585,826
	5,534,184	6,040,847

The Education Board has three loans with Bank of Scotland, repayable over the periods to May 2031, May 2036 and September 2037 respectively. Two of these loans are made up of an element of loan which is charged at a variable interest rate equal to the Bank of England base rate plus 1.65% and an element of loan which is charged at a fixed interest rate of 2.45% and 3.64%. The third loan has a variable element only, charged at base plus 1.85%.

The Education Board has two term loans with HSBC repayable over the period to November 2034, which attract interest at Base Rate plus 1.4% and a Revolving Credit Facility with HSBC, the rate of interest on which is Base Rate plus 1.6%.

20 Deferred Income

	2025 £	2024 £
Group & Parent Charity		
At beginning of year	18,966,385	3,389,724
Income released in the year	(15,454,046)	(3,389,724)
Income deferred in the year	10,193,145	18,966,385
	13,705,484	18,966,385

Deferred income relates entirely to school fees received in advance

Notes (continued)

21 General Fund

	2025 £	2024 As Restated £
Group		
At beginning of year	39,311,524	41,058,367
Income in year	80,300,140	76,940,644
Expenditure in year	(80,331,464)	(78,687,487)
At end of year	39,280,200	39,311,524
Parent Charity		
At beginning of year	39,311,524	41,058,367
Income in year	80,593,667	77,381,852
Expenditure in year	(80,624,991)	(79,128,695)
At end of year	39,280,200	39,311,524

22 Restricted Funds

Group	At beginning of year	Income in year	Expenditure in year	Gains/ (losses)	Total
2025	£	£	£	£	£
GW Family Foundation	6,334,233	1,571,652	(959,104)	116,602	7,063,383
Sport Scotland grant	1,077,733	-	(61,936)	-	1,015,797
Access to Excellence	6,061,810	517,711	(1,031,531)	(10,039)	5,537,951
Other smaller funds	399,170	1,320,324	(261,763)	-	1,457,731
Total	13,872,946	3,409,687	(2,314,334)	106,563	15,074,862
Group	At beginning of year	Income in year	Expenditure in year	Gains/ (losses)	Total
2024	£	£	£	£	£
GW Family Foundation	5,815,418	1,293,146	(978,415)	204,084	6,334,233
Sport Scotland grant	1,139,684	-	(61,951)	-	1,077,733
Access to Excellence	5,458,564	439,403	(230,444)	394,287	6,061,810
Other smaller funds	397,032	262,380	(260,242)	-	399,170
Total	12,810,698	1,994,929	(1,531,052)	598,371	13,872,946
Parent Charity	At beginning of year	Income in year	Expenditure in year	Gains/ (losses)	Total
2025	£	£	£	£	£
Sport Scotland grant	1,077,733	-	(61,936)	-	1,015,797
Access to Excellence	6,061,810	517,711	(1,031,531)	(10,039)	5,537,951
Other smaller funds	399,170	1,815,754	(757,193)	-	1,457,731
Total	7,538,713	2,333,465	(1,850,660)	(10,039)	8,011,479

Notes (continued)

Parent Charity 2024	At beginning of year	Income in year	Expenditure in year	Gains/ (losses)	Total
	£	£	£	£	£
Sport Scotland grant	1,139,684	-	(61,951)	-	1,077,733
Access to Excellence	5,458,564	439,403	(230,444)	394,287	6,061,810
Other smaller funds	397,032	673,829	(671,691)	-	399,170
Total	6,995,280	1,113,232	(964,086)	394,287	7,538,713

George Watson's Family Foundation – provides financial assistance for pupils who would otherwise be unable to attend GWC, provide support for pupils whose families experience short term financial difficulties and to maintain and develop the property and facilities of GWC. The Family Foundation is a registered charity, number SC004818.

Sport Scotland Grant – this was a donation received towards the National Cricket Centre and it is being released in line with the depreciation on the building itself.

Access to Excellence Fund – these are donations received through the Development Office at ESMS which are then invested to produce an annual income to enhance bursary provision

Other smaller funds – this fund includes the £1m donation from Melville College Trust towards the merger at ESMS and a collection of smaller funds with balances less than £50,000 and most relate to donations towards smaller capital items.

23 Permanent Endowment Funds

Group & Parent Charity 2025

	Bursaries and scholarships £	Prizes and legacies £	Total £
At beginning of year	1,799,972	1,621,571	3,421,543
Income	68,837	57,843	126,680
Expenditure	(59,576)	(46,672)	(106,248)
Gains/losses on investments	51,639	62,342	113,981
At end of year	1,860,872	1,695,084	3,555,956

2024	Bursaries and Scholarships £	Prizes and legacies £	Total £
At beginning of year	1,679,943	1,537,310	3,217,253
Income	58,680	54,189	112,869
Expenditure	(40,567)	(48,152)	(88,719)
Gains/losses on investments	101,916	78,224	180,140
At end of year	1,799,972	1,621,571	3,421,543

Notes (continued)

24 Net asset reconciliation

Group 2025	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2025	Total 2024
	£	£	£	£	£
Tangible fixed assets	56,726,204	1,015,798	-	57,742,002	59,089,616
Investments	100	6,678,718	3,181,530	9,860,348	11,291,010
Net current (liabilities)/ assets	(8,800,530)	7,380,347	374,426	(1,045,757)	(761,310)
Long term liabilities	(8,645,575)	-	-	(8,645,575)	(13,013,303)
	<u>39,280,200</u>	<u>15,074,862</u>	<u>3,555,956</u>	<u>57,911,018</u>	<u>56,606,013</u>

Group 2024	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2024	
	£	£	£	£	
Tangible fixed assets	58,011,882	1,077,734	-	59,089,616	
Investments	100	8,217,589	3,073,321	11,291,010	
Net current (liabilities)/ assets	(5,687,155)	4,577,623	348,222	(761,310)	
Long term liabilities	(13,013,303)	-	-	(13,013,303)	
Provisions					
	<u>39,311,524</u>	<u>13,872,946</u>	<u>3,421,543</u>	<u>56,606,013</u>	

Parent Charity 2025	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2025	Total 2024
	£	£	£	£	£
Tangible fixed assets	56,726,204	1,015,798	-	57,742,002	59,089,616
Investments	100	3,276,499	3,181,530	6,458,129	7,992,699
Net current (liabilities)/ assets	(8,800,529)	3,719,182	374,426	(4,706,921)	(3,797,232)
Long term liabilities	(8,645,575)	-	-	(8,645,575)	(13,013,303)
	<u>39,280,200</u>	<u>8,011,479</u>	<u>3,555,956</u>	<u>50,847,635</u>	<u>50,271,780</u>

Parent Charity 2024	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2024	
	£	£	£	£	
Tangible fixed assets	57,949,931	1,139,685	-	59,089,616	
Investments	100	4,919,278	3,073,321	7,992,699	
Net current (liabilities)/ assets	(5,625,204)	1,479,750	348,222	(3,797,232)	
Long term liabilities	(13,013,303)	-	-	(13,013,303)	
Provisions					
	<u>39,311,524</u>	<u>7,538,713</u>	<u>3,421,543</u>	<u>50,271,780</u>	

Notes (continued)

25 Capital commitments

	2025 £	2024 £
Authorised and contracted	-	1,424,161

26 Other financial commitments

At 31 July 2025 the Education Board had total minimum commitments under non-cancellable operating leases as follows:

	2025 £	2024 £
< 1 year	300,561	585,720
Within 2-5 years	518,921	380,845
	819,482	966,565
Lease payments recognised as an expense	657,980	628,434

27 Financial instruments

<i>Group</i>	2025 £	2024 £
Carrying amount of financial assets		
Assets measured at fair value through profit and loss	5,752,485	11,166,073
Carrying amount of financial liabilities		
Measured at fair value through profit and loss	-	-
<i>Parent Charity</i>	2025 £	2024 £
Carrying amount of financial assets		
Assets measured at fair value through profit and loss	2,358,552	7,871,882
Carrying amount of financial liabilities		
Measured at fair value through profit and loss	-	-
Assets measured at fair value through profit and loss represent listed investments		

Notes (continued)

28 Analysis of changes in net debt

<i>Group</i>	As at 1 August 2024 £	Non-cash movements £	Cashflows £	As at 31 July 2025 £
Cash in hand and at bank less overdrafts	16,477,110	-	66,867	16,543,977
Loans	(6,571,146)	-	542,908	(6,028,238)
Finance leases	(177,929)	-	102,467	(75,462)
	<u>9,728,035</u>	<u>-</u>	<u>712,242</u>	<u>10,440,277</u>
	<u><u>9,728,035</u></u>	<u><u>-</u></u>	<u><u>712,242</u></u>	<u><u>10,440,277</u></u>

	As at 1 August 2023 £	Non-cash movements £	Cashflows £	As at 31 July 2024 £
Cash in hand and at bank	3,271,503	-	13,205,607	16,477,110
Loans	(7,083,587)	-	512,441	(6,571,146)
Finance leases	(393,399)	-	215,470	(177,929)
	<u>(4,205,483)</u>	<u>-</u>	<u>13,933,518</u>	<u>9,728,035</u>
	<u><u>(4,205,483)</u></u>	<u><u>-</u></u>	<u><u>13,933,518</u></u>	<u><u>9,728,035</u></u>

29 Contingent liability

Notification of a claim for unspecified damages was received during the financial year in respect of alleged historic abuse. The Board members are currently investigating whether the Education Board had indemnity insurance in place covering the dates of the alleged claim and as such, if any claim was successful, it is difficult to determine the financial extent to which the Education Board could be liable or the timings of any possible outflows.

30 Related parties

During the year, a donation of £788,957 (2024: £852,657) was received from the Education Board's subsidiary, the George Watson's Family Foundation. At year end, there is a balance of £684,294 due from the Family Foundation (2024: £9,598 due to Family Foundation).

31 Prior Year Adjustment

As mentioned in Note 1 to the financial statements, when considering the allocation of bursaries and fee remissions, the Members determined that as the application of the allowances was common practice, they are in effect discounts and form part of the public benefit the Education Board offers as a registered charity.

As a result, bursaries and fee remission have been offset against the school fees received in the period, to present a net school fees position in the Statement of Financial Activities. To enable users of the financial statements to make like for like comparisons, the decision was made to apply this treatment retrospectively, and as such the prior period income and expenditure figures were restated. Where relevant, the prior period figures throughout this report are denoted "As Restated".



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