

Kilgraston School Trust (subject to insolvency proceedings)

Scotland · Charity number SC029664

Details

Known as	Kilgraston School
Status	Not Monitored
Legal form	Trust (founding document is a deed of trust) (other than educational endowment)
Registered	1999-12-10
Register	View on the OSCR register

Contact

Address PricewaterhouseCoopers LLP
1 Hardman Square
Manchester
M3 3EB

Website www.kilgraston.com

Activities

Activities: 'It carries out activities or services itself'

Purposes: 'the advancement of education', 'the advancement of religion'

Beneficiaries: 'Children or young people', 'People with disabilities or health problems'

Objectives: The provision of education and instruction, religious and secular, of female and male pupils and students in accordance with the educational principles of the Roman Catholic Church generally and the Society of the Sacred Heart in particular

Geography

- **Main operating location:** Perth And Kinross
- **Geographical spread:** UK and overseas

Finances

Period end	Income	Expenditure	Assets	Employees
2023-07-31	£5,158,002	£5,770,620	-	116
2022-07-31	£5,462,840	£5,507,286	-	-
2021-07-31	£5,296,475	£5,793,027	-	-
2020-07-31	£5,506,840	£5,715,285	-	-

Kilgraston School Trust (subject to insolvency proceedings)

Scotland - Charity number SC029664

Accounts

Kilgraston School Trust

Charity number SC029664

**Financial statements for the year ended
31 July 2022**

Kilgraston School Trust

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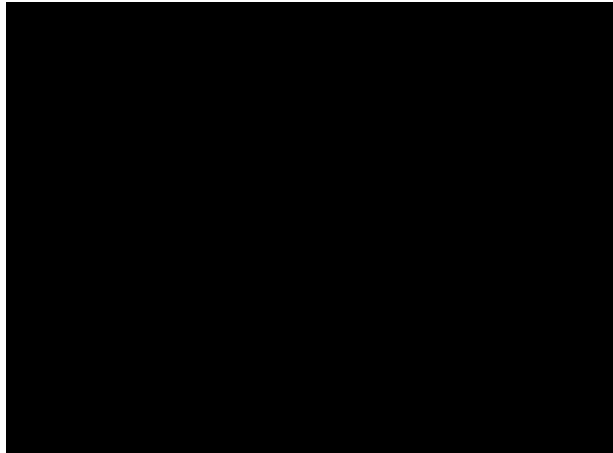
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Kilgraston School Trust

Board of Trustees and Officials

Board of Trustees

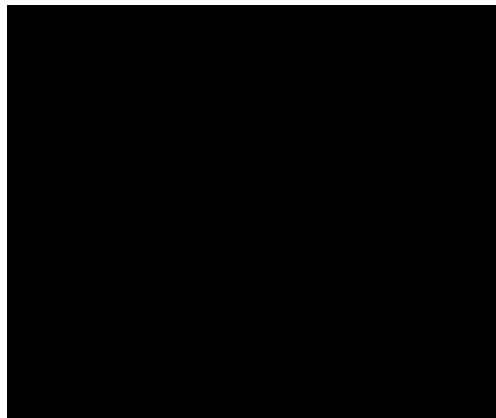
Chairman
Board Members



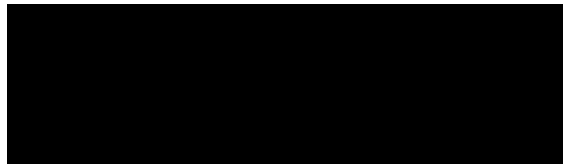
Board of Governors

The Board of Governors resigned as at 31 Jul 2023 and were replaced by Achieve Advisory Board

Chairman
Deputy Chair
Board Members



Directors of Achieve Advisory Board
(All appointed 31 Jul 2023)



Principal office

Bridge of Earn, Perthshire, PH2 9BQ

Officials

Headteacher
Bursar & Clerk to the Trustees



Bankers

Royal Bank of Scotland plc, Dunkeld Road, Perth,
PH1 5UT

Insurance

Marsh Insurance Brokers Ltd, PO Box 15322, Glasgow,
G1 3YN

Solicitors

Anderson Strathern, 1 Rutland Court, Edinburgh,
EH3 8EY

Auditor

Henderson Loggie LLP, Ground Floor, 11-15 Thistle
Street, Edinburgh, EH3 1DF

Kilgraston School Trust

Trustees' report

The Trustees have pleasure in submitting their financial statements for the year ended 31 July 2022.

The information set out on page 1 forms part of this report. The financial statements of the School are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Trust's Purposes

The primary objects for which the Trust is established are as follows:

- 1) The provision of education, both academic and physical, and including vocational training.
- 2) The provision of education and instruction, religious and secular, of female and male pupils in accordance with the educational principles of the Roman Catholic Church generally and the Society of the Sacred Heart in particular; and, in pursuance thereof, the implementation of the Mission Statement.
- 3) The provision, maintenance, equipment, management and continuing development of a school or schools for the purposes of education.
- 4) In furtherance of the objects, the acquisition of sites or premises or the extension of the School, including the erection, restoration, alteration, repair and maintenance of any buildings and any grounds ancillary thereto provided always that the Trustees shall use their best endeavours to continue to provide education at the property and that they shall seek and obtain the permission of the Society of the Sacred Heart for any proposed re-location of the School.
- 5) Generally for such religious, educational or charitable purposes or purposes as the Trustees consider to be incidental to the purposes aforementioned or otherwise concerned with the advancement of education and the advancement of the Roman Catholic religion either within or out with the United Kingdom.

Mission Statement

Kilgraston School aims, through its education, to develop the whole person harmoniously and progressively, as a loved child of God in the world of today and tomorrow.

In keeping with the educational philosophy of the Society of the Sacred Heart, this aim is implemented through the School's development of:

Faith;
Character;
Intellect;
Community; and
Social Concern

In pursuing these objectives, the School will be guided and directed by the on-going articulation of policy for Sacred Heart Schools as devised by the Network of Sacred Heart Schools for Ireland, Scotland and Malta Province.

Kilgraston School Trust

Trustees' report (continued)

Management

The primary aim of the Trustees is to give effect to the Trust purposes. Their statutory responsibilities are set out on page 10. The Trustees meet at least twice a year. The number of Trustees at any one time shall not be less than five or more than ten. Trustees are appointed for a period of five years and may be appointed for a further term or terms. In the period to 23 June 23 The Trustees appointed a Board of Governors to manage the School, ensure that it operated effectively, implementing and maintaining the educational philosophy of the Society of the Sacred Heart.

As per note 16, on 24 June 2023 and further to the Trustees announcing their initial intention to close the School at the end of the 2023 academic year, on the grounds that they considered it financially unviable to continue operating, the Trustees were pleased to enter into an arrangement with Achieve Education Limited.

Under the arrangement Achieve Education Limited assumed management of the School, agreed to maintain the educational philosophy of the Sacred Heart and provided significant financial support thereby restoring the financial stability of the School and helping to secure its long term future. The Governing Board subsequently stood down.

Under both management approaches the day to day management of the School was delegated to the Headteacher assisted by the Bursar and supported by the senior leadership team drawn from the teaching and support staff

Related Parties

None of the Trustees receive remuneration or other benefit from their work with the School. The following Trustees and Governors had children in attendance in School during the year however the fees paid were in line with normal fee levels – [REDACTED] and [REDACTED]. There are no other related parties to note other than the remuneration of key management personnel as per note 4.

Organisational structure

The School comprises a Junior School, Senior School and Sixth Form.

The School aims to achieve the highest standards in the Independent Schools sector, partly through networking with other major schools and partly through peer group studies for the evaluation of quality and performance improvement methods. It also co-operates with many local charities. This is to widen public access to the education that can be provided, to optimise the use of its cultural and sporting facilities and to awaken in our pupils an awareness of the social context of the all-round education they receive at Kilgraston.

Risk Management

In the year to 31 July 22 The Trustees and Governors continued to keep the School's activities under review. They monitored the effectiveness of the system of internal controls and sought to mitigate risks where possible.

Support was provided through various sub committees, the senior leadership team and through the advice and guidance received from professional advisors, including legal advisors (e.g. on charity law, employment law and statutory compliance), insurance brokers, regulatory bodies (e.g. Care Inspectorate and General Teaching Council for Scotland) and key educational bodies (e.g. Scottish Council for Independent Schools, Scottish Qualifications Authority and Education Scotland).

Risk Management (continued)

Since 24 June 23 the Trustees and Achieve Education Limited have continued to review the principal risks and uncertainties facing the School and ensure contingency plans are in place should external factors affect the School or the sector in general. Uncertainties over future school roll are always a factor and the Trustees are increasingly mindful of the fact that the economic climate may affect parents' ability to choose an independent education for their children. The end of the business rates relief historically received by charities, employer pension contributions and teacher pay levels and the currently increasing operational costs (particularly in relation to gas and electricity supplies) continue to have an impact on future school fee levels. The Board believe that the reputation of the School is key to ensuring the future success and that this will allow the School roll to be maintained and has a mandate to minimise fee increment impact where possible.

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

Covid-19

In addition to the on-going risk management as detailed above, the Board continued to consider the impact on the School of the Covid-19 virus. The financial impact for the School during 2021-22 remained significant due to the reduced international boarders through travel restrictions and a general nervousness and a reduction in the 2022 summer language school programme.

Increasing Operational Costs

The Board are aware of the continued increases to operational costs, especially the cost of gas and electricity supplies, in particular in relation to the Russian invasion of Ukraine in February 2022 and the impact on the world markets, with increases of over 100%. Other consumable and personnel costs continue to rise, driven by supply chain challenges and increased inflation rates which reached 10.1% at the end of the reporting period and have varied since the year end, reaching highs of 11.1% in October 2022. The Board is actively working with the senior leadership team to mitigate these costs through a review of supply contracts and procurement options and, while it acknowledges there are continuing challenges to be addressed, it believes it is well placed to manage these new risks.

Review of Achievements and Performance for the Academic Year 2021-2022

We are a Sacred Heart school, Catholic in tradition but welcoming to pupils of all faiths or none. Religious and spiritual development of our pupils is paramount, whatever their creed or religion and the Society of the Sacred Heart's goals continue to provide the basis for education and life at Kilgraston.

At Kilgraston we have an established self-evaluation process which seeks to draw on the experiences, values and judgments of all staff. Through this process of reflection we are then able to establish the priorities for the next academic year bearing in mind the overall needs of the School, external demands for changes to the curriculum and priorities from partner agencies such as SQA and initiatives such as the 2018 National Improvement Framework and Improvement plan for Scottish Education. The framework of HGIOS 4 and Care Standards are used in the planning process.

Trustees' report (continued)

The whole school priorities for the improvement plan included sharing visions of our values and aims as a Laudato Si school; building on the skills agenda in the senior school and skills for learning for life in the junior school; and moving towards a concise one stop summary of key information on progress and achievement.

The Sacred Heart Goals are a central part of the school's ethos and, each year, within the Ireland, Scotland, and Malta Network, one of the five goals is selected as the main focus. For the academic year 2021-22 the goal was 'building community as a Christian value'. Our work on the goal of Community aims to help prepare our pupils to become agents of change and responsible citizens who can contribute meaningfully to society. No pupil/staff member should finish the school year with a sense of marginalisation or of feeling undervalued. A whole school focus on Charities was well supported with emphasis placed on awareness-raising as much as fundraising. Our Laudato Si status was well embedded with the developments led by our Eco -committee including successfully gaining the Scottish Green Flag Award and running events to link with COP26. Links were made with other Sacred Heart Schools in two on-line conferences. Sixth form pupils led successful Goals days based around community with activities ranging from karaoke to invited speakers. In the summer term there was a 'Save the Planet' art exhibition. Staff well-being was recognised in an activities session on one of our INSET days.

Children want a better world and many of them have the idealism to do something about it. It can be a long, hard road. The Sacred Heart educator aims to walk with them, helping them to begin to acquire not only the knowledge and skills but also the staying power and unselfishness that, over a lifetime, turns dreams into reality, however great, however modest. In keeping with the spirit of this statement as part of our response to the impact of Covid19 on education Kilgraston staff implemented a recovery plan for 2021-2022. Although almost all of the Covid restrictions had been lifted staff recognised that there were many aspects of academic and social life that pupils had missed out on. Each department and pastoral area of the school highlighted a priority to focus on in the academic year. Building resilience and focussing on kindness were two important strands to the recovery plan. In the pastoral area of school programmes for anti-bullying ambassadors, mental health ambassadors and the BFG buddy system were developed.

The School continues to look outwards and through the Society of the Sacred Heart has a long established history of international networks. The Trustees and Governors encourage and welcome international students and embrace the cross-cultural diversity that this brings to the School. Despite the constraints for travel during the covid and post covid period we have welcomed students from Mexico, Germany, Spain, France, Italy, Luxemburg, Ukraine, Hong Kong and China. For all our pupils this is a valuable experience equipping them for the global environment in which we live today.

Educational Performance of the School

Education at Kilgraston is very much a partnership between the school, the parents and the pupils themselves. The support received from all stakeholders contributes greatly to excellent academic, sporting and social achievements throughout the school. Academically Kilgraston regularly achieves outstanding results and this trend in exam results together with positive destinations, post school, means that our pupils have continued to succeed despite the challenges they have faced throughout lock down and restrictions enforced by covid regulations. The 2022 exam diet was the first occasion for two years that pupils sat formal SQA exams marked externally by the exam board. (2020 results were based on teacher estimates, 2021 on internally assessed and moderated assessments) The Kilgraston exam results for 2022, saw pupils achieve above the national average, at all examination levels.

Educational Performance of the School (continued)

Results 2021-2022

ADVANCED HIGHER (Equivalent to A Level)

Kilgraston Grade A 45% (national average 34%)

Kilgraston Grade A-B 76% (national average 60%)

Kilgraston Grade A-C 92% (national average 81%)

HIGHER (Equivalent to A Level)

Kilgraston Grade A 45% (national average 35%)

Kilgraston Grade A-B 80% (national average 59%)

Kilgraston Grade A-C 95% (national average 79%)

NATIONAL 5 (Equivalent to GCSE)

Kilgraston Grade A 69% (national average 40%)

Kilgraston Grade A-B 85% (national average 63%)

Kilgraston Grade A-C 93% (national average 81%)

Our 2022 destinations saw the majority of pupils aiming for Scottish Universities including Aberdeen, Dundee, Edinburgh, Heriott-Watt, Glasgow, Napier, Robert Gordons, St Andrews and Strathclyde Universities. Loughborough and St Mary's featured as destinations in England. Our leavers went on to a wide range of courses. STEM courses are popular with Ecology and Environmental Science, Molecular and Cell Biology and Mechanical Engineering featuring this year. Psychology remains popular as does Law and Business Management. In a departure from recent years, leavers also successfully entered the world of work.

Pastoral

Kilgraston prides itself on the duty of care it bestows on each pupil and as the Founder of the Society of the Sacred Heart, St. Madeleine Sophie Barat, said: 'For the sake of one child, I would have founded the Society'.

Notable sports achievements include a full range of fixtures across the key team sports: hockey and netball, successful equestrian events run by the school as well as whole school cross country and two sports days. Our senior hockey team won the Scottish Hockey Aspire Trophy. Art was represented in a House Art competition as well as the display of academic work for National 5, Higher and Advanced Higher. Junior pupils were able to participate in Perform in Perth and ended the year with an amazing production of Matilda. The whole school took part in the Christmas concert at Perth Concert Hall and our talented musicians also participated in the Kilgraston Young Musician of the Year competition.

The School also monitors success through the extent to which parents are involved in school life, as the Board acknowledges parent involvement as key to the continued success of the School. The Kilgraston Parents' Association has recently undergone new recruitment and they are very active in various activities to engage with all our current parents and the wider Kilgraston Community. KPA ran the nearly new uniform shop and held monthly coffee and cake events for parents. The Summer Fair was held in June 2022 which was a resounding success. Further events are planned for 2022-23.

Kilgraston has remained committed to providing support to the community beyond the Kilgraston classroom. Every year, members of the teaching staff are markers or examiners for SQA. Kilgraston also serves as an examination centre for external music candidates. Staff give talks and presentations at local primary and nursery schools. Volunteering is an important part of life at Kilgraston. It features as part of the Kilgraston Certificate and Diploma and the Duke of Edinburgh Award scheme. Our pupils are involved in community service activities in the local area, particularly Moncreiffe Care Home, supporting local coffee mornings and providing musical entertainment. The Kilgraston Chapel serves as the local Catholic Church for the area, providing a venue for worship during term times for a number of families.

The school encourages the use of its grounds and facilities to local groups, sports clubs and schools at less than market cost or free of charge. Regular users of our facilities are Perthshire Hockey Club and various other Perth and Kinross youth and adult groups who use the swimming pool, sports pitches and tennis courts. Kilgraston operates a very successful and extensive range of activities and sports programs during the holiday period. The Kilgraston Summer School team continues to explore all opportunities to build local and UK centric activities whilst also rebuilding the International Language School.

Financial Review and Results for the Year 21/22

The School has operated at a deficit, after depreciation and interest, of £113,563 (2020-21 - £474,502 deficit). The deficits have been largely due to the Covid-19 pandemic and the rising cost of living, with the former resulting in a significant revenue reduction against expectation from reduced fees, due to enforced school closures and the cancellation of an extensive letting program, and the latter resulting in increased costs.

The main source of revenue for the School is through fee income charged for the provision of education. In the 2021-22 school year, the fees charged were:

Junior Day	£13,410 - £17,820	(2020-21: £11,550 - £15,360)
Junior Boarding	£27,150 - £31,230	(2020-21: £25,620 - £29,460)
Senior Day	£20,805	(2020-21: £19,635)
Senior Boarding	£35,535 - £38,400	(2020-21: £33,525 - £36,240)

At the start of the 2021/2022 academic year pupil numbers on the School roll were 254 (2020-21 - 241) with the average for the full academic year was maintained at 255 (2020-21 - 254). Pupil numbers remain impacted due to Covid with fewer International Boarders being able to commit to the travel during the restrictions.

In addition, the revenue which is generated through an extensive external lettings programme with the Summer School operating alongside a variety of other lets was also significantly impacted. In 2021/2022, the effect of continued restrictions on travel led to a reduction of summer school pupils versus pre-Covid years. A review of opportunities is underway with an external Language school provider delivering the language course in summer 2023. With international travel now firmly back in place the School remains buoyant and excited about its prospects for revenue generation in the next year.

The main expenditure for the School is that of staff salaries. Our staff are key to the on-going success of the School and therefore we continue to invest in the highest standard of teaching and operations staff and are also committed to ensuring their continued professional development. Staff salaries accounted for 65% (2020-21: 66.2%) of expenditure.

The School has continued to review and achieve cost savings. In both 2019-20 and 2020-21 these savings primarily related to costs for catering, heat and light, transport and other consumables used in the physical operation of the School during Covid. In 2021/22 there has been an unavoidable increase in costs. This has included the increase of rates from April 2022 due to the removal of the rates relief, the impact of the soaring cost of electricity, as a result of the Russia/Ukraine war and the increasing rise in inflation and food costs. The net result is an increase in total operating expenditure in the year.

The School's finance committee remains committed to a programme of cost efficiency while at the same time being conscious of the need to invest in the School facilities in order to remain competitive within the independent schools market.

As a result of the economic challenges, during the year, the School's cash balances decreased by £62,882 to a closing balance of £288,868, compared to £351,750 for the previous year.

Pupil Financial Assistance

The School remains committed to providing support through various means to ensure that it is able to attract a diversity of pupils from various financial backgrounds to maintain and promote the ethos of Kilgraston as the Sacred Heart School. The Board continues to consider the best provision available and remains committed to ensuring a wider number of pupils gain facilitated access to education through bursary funding. The School has no 'stand-alone' bursary fund and therefore costs must be met as part of the charities' operations. The School offers a variety of financial support structures available to parents who are unable to meet the full cost of school fees, including means tested bursaries and scholarships.

Total fee remissions for the year amount to £857,584 (2020-21- £887,391) or 14% (2020-21-17.3%) of gross income. Awards can be split into means tested and non-means tested awards and a pupil may be in receipt of more than one type of award at any time. For the year under review, Kilgraston has offered a total of £434,307(2020-21 - £444,764) or 7.1% (2020/21 - 8.7%) of gross income, representing means tested assistance to 50 (2020-21: 64) pupils.

Reserves

The School's reserves totalled £1,680,931 (2020-21 - £1,794,494) at the year end, split into unrestricted reserves of £1,314,664 (2020/21 - £1,419,269) and restricted reserves of £366,267 (2020-21 - £375,225). The unrestricted reserves comprise the School's property and equipment. Principally the restricted reserves comprise donations received from the Kilgraston Educational Foundation in respect of the swimming pool and hockey pitch projects and the Croftinloan and Swinton Funds.

Future Plans

Kilgraston has continued its commitment to academic and sporting excellence and has outstanding facilities. Future aspirations, currently on hold due to the aforementioned challenges, continue to include an extension to the current dining room facility, an Expressive Arts studio and upgrading of the residential accommodation within the boarding houses.

Our new Headteacher, [REDACTED] who arrived at the start of the Summer 2022 term has had a wonderful start and continues to grow the school in many areas.

See note 16 for further details on post balance sheet events.

Key management

The Boards of Trustees and Achieve Advisory Board together with the Headteacher and Bursar are the key management personnel of the School. The School has a pay structure which is reviewed by the Board on a regular basis. Staff are remunerated within that pay structure commensurate with their qualifications and experience.

Statement of disclosure of information to auditors

The Trustees who held office at the date of approval of this annual report as set out on page 1 state that:

- So far as they are aware, there is no relevant audit information of which the School's auditors are unaware: and
- They have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the School's auditors are aware of that information.

.....
[Redacted Signature]

Chairman of Trustees

..... 2023

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the incoming resources and application of resources of the School for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 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 School will continue its activities.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the School 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 Trust Deed. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Kilgraston School Trust (the 'School') for the year ended 31 July 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the School's affairs as at 31 July 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 School 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements, which indicates that the School incurred net expenditure during the year ended 31 July 2022 of £113,563 (2021 - £474,502) and, as of that date, the School's current liabilities exceeded its current assets by £547,537 (2021 - £447,237). An agreement was put in place with Achieve Education Limited who have agreed to provide a loan to the School to help support the cash flow requirements, with the ultimate option to acquire the trade of the School dependent upon achieving projected pupil roll levels and the continued support from the bank. Provided this goes ahead as intended, the Trustees intend to close the Kilgraston School Trust as an entity, with the School trade continuing into the future through Achieve Education Limited. As such, the Trustees do not consider it appropriate to adopt the going concern basis in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Trustees' Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Independent auditor's report to the Trustees of Kilgraston School Trust (continued)

Other information (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 10, the Trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

As part of our planning process:

- We enquired of management the systems and controls the School 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 School. We determined that the following were most relevant: Compliance with the requirements from the Protection of Vulnerable Groups (PVG) scheme, the Care Inspectorate, the SQA, GDPR, employment law (including payroll and pension regulations), health and safety; and compliance with the requirements of OSCR and the Charities and Trustee Investments (Scotland) Act 2005 and the Charities Accounts Regulations 2006.
- We considered the incentives and opportunities that exist in the School, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and

Independent auditor's report to the Trustee of Kilgraston School (continued)

- Using our knowledge of the School, 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.

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

- Inquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing key policies including those covering fire safety, health and safety, GDPR, and the Protection of Vulnerable Groups (PVG) scheme;
- Reviewing legal and professional expenditure incurred in the year;
- Reviewing correspondence and reports from key regulatory bodies including the Care Inspectorate, the SQA and OSCR;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the valuation of defined benefit pension scheme obligations, the valuation of tangible fixed assets, recoverability of debtors, and the application of accruals and deferred income; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Owing to the inherent limitations of an audit, there is 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.

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 this report

This report is made solely to the Trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the School and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Henderson Loggie LLP
Chartered Accountants & Statutory Auditors
Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

.....2023

Kilgraston School Trust

Statement of financial activities for the year ended 31 July 2022

	Note	Unrestricted funds £	Restricted funds £	2022 Total Funds £	Unrestricted funds £	Restricted funds £	2021 Total Funds £
Income							
Charitable Activities							
School fees receivable		6,117,824	-	6,117,824	5,132,521	-	5,132,521
Less Scholarships, bursaries and discounts		(857,584)	-	(857,584)	(887,391)	-	(887,391)
Net school fees receivable		5,260,240	-	5,260,240	4,245,130	-	4,245,130
Registration fees		11,865	-	11,865	1,904	-	1,904
Grants and donations		2,346	-	2,346	102,838	-	102,838
Investment income		1,389	3,287	4,676	2,460	-	2,460
Rents, letting and other income		187,000	-	187,000	56,752	-	56,752
Total income		5,462,840	3,287	5,466,127	4,409,084	-	4,409,084
Expenditure							
Charitable Activities							
School operating costs	5	5,491,686	6,716	5,498,402	4,881,960	14,406	4,896,366
Governance costs	5	15,600	-	15,600	9,270	-	9,270
Total expenditure		5,507,286	6,716	5,514,002	4,891,230	14,406	4,905,636
Realised and unrealised (losses)/gains	7	(5,166)	(14,149)	(19,315)	5,752	15,553	21,305
Net expenditure before gains and losses		(49,612)	(17,578)	(47,875)	(476,394)	1,147	(496,552)
Transfers		(8,620)	8,620	-	44,314	(44,314)	-
Pension Deficit remeasurement		(46,373)	-	(46,373)	745	-	745
Net expenditure for the year		(104,605)	(8,958)	(113,563)	(431,335)	(43,167)	(474,502)
Total funds brought forward		1,419,269	375,225	1,794,494	1,850,604	418,392	2,268,996
Total funds carried forward	12	1,314,664	366,267	1,680,931	1,419,269	375,225	1,794,494

In relation to the continuation of the operations above, see note 1.

Kilgraston School Trust

Balance sheet at 31 July 2022

	Note	2022 £	2021 £
Fixed assets			
Buildings and equipment	6	3,151,227	3,181,075
Investments	7	283,239	310,600
		<u>3,434,466</u>	<u>3,491,675</u>
Current assets			
Stocks		9,604	8,357
Debtors	9	324,910	329,234
Cash at bank and in hand		288,868	351,750
		<u>623,382</u>	<u>689,341</u>
Creditors			
Amounts falling due within one year	10	(1,170,919)	(1,166,578)
		<u>(547,537)</u>	<u>(477,237)</u>
Net current liabilities			
		<u>(547,537)</u>	<u>(477,237)</u>
Total assets less current liabilities		<u>2,886,929</u>	<u>3,014,438</u>
Creditors			
Amount due after more than one year	11	(1,100,895)	(1,143,837)
Advanced fee payments	11	(105,103)	(76,107)
		<u>(1,206,000)</u>	<u>(1,219,944)</u>
Total net assets		<u>1,680,931</u>	<u>1,794,494</u>
Unrestricted funds			
Unrestricted funds	12	1,314,664	1,419,269
Restricted funds	12	366,267	375,225
		<u>1,680,931</u>	<u>1,794,494</u>
Total Funds		<u>1,680,931</u>	<u>1,794,494</u>

The financial statements were approved by the Trustees on2023 and signed on its behalf by:

Trustee

Trustee

The notes on pages 17 to 35 form part of these financial statements.

Kilgraston School Trust

Statement of Cash Flows for the year ended 31 July 2022

	Note	2022 £	2021 £
Net cash inflow/(outflow) from operating activities	14	70,577	(573,576)
Cash flows used in investing activities			
Interest and investment income	4,676	2,460	
Purchase of tangible fixed assets	(91,531)	(99,432)	
Proceeds on disposal of fixed assets	-	3,500	
Proceeds on disposal of investments	8,046	-	
Net cash outflow used in investments activities		(78,809)	(93,472)
Cash flows (used in)/from financing activities			
Proceeds from bank loans	-	784,000	
Bank loans refinanced	-	(278,380)	
Repayment of bank loans	(1,784)	(14,220)	
Repayment of finance lease obligations	(15,210)	(28,912)	
Interest paid	(37,656)	(15,029)	
Net cash (outflow)/inflow from capital expenditure and financial investment		(54,650)	447,459
Decrease in cash in year		(62,882)	(219,589)
Cash and cash equivalents at 31 July 2021		351,750	571,339
Cash and cash equivalents at 31 July 2022		288,868	351,750

1 Statement of accounting policies

The financial statements of the School are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Kilgraston School Trust meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of land and buildings. The principal accounting policies adopted are set out below.

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

The following is a summary of the significant accounting policies adopted by the School in the preparation of the accounts.

Going concern

The financial statements have been prepared on a basis other than going concern.

When considering the going concern assumption, the Trustees recognised that the School had incurred net expenditure during the year ended 31 July 2022 of £113,563 (2021 - £474,502) and, as of that date, the School's current liabilities exceeded its current assets by £547,537 (2021 - £447,237). In making their assessment of going concern, the Trustees reviewed a number of factors including the School's current results, the School's forecast future cash flows dependent on pupil roll levels, and the impact of subsequent events. These factors also included the current cost of living crises impacting the UK and the increasing levels of inflation and borrowing rates. Moreover, the Trustees assessed the assets at the School's disposal and the continued access to sufficient borrowing facilities from the bank including the School's overdraft facility which has recently been renewed.

As a result, the Trustees initially announced on 1 June 2023 a decision to close the School at the end of the 2023 term. Subsequent to that, the School entered into an agreement with Achieve Education Limited who have provided additional loan funding to the School and have taken on a management role in the running of operations. Achieve Education Limited have indicated their willingness to support the School through these periods to ensure the School can meet its obligations. The agreement with Achieve Education Limited provides them the ultimate option to acquire the trade of the School dependent upon achieving projected pupil roll levels and the continued support from the bank. Provided this goes ahead as intended, the Trustees plan to close the Kilgraston School Trust as an entity, with the School trade continuing into the future through the Achieve Education Limited group.

As such, the Trustees do not consider it appropriate to adopt the going concern basis in preparing the financial statements.

In coming to this position, appropriate considerations have been made where necessary as to the carrying value of the School's assets to ensure that there has been no change to the carrying amount as disclosed in these financial statements as a result of this assessment. The Trustees acknowledge, however, that the carrying values adopted are dependent on the above acquisition taking place, which is itself materially dependent on pupil roll levels as indicated.

1 Statement of accounting policies (continued)

Pension schemes

Kilgraston School participates in the Scottish Teachers' Pension scheme (STPS) and for non-teaching staff, the Aegon Group Pension Scheme or the Independent School's Trust Pension Scheme (ISTP). The STPS and the ISTP are multi-employer, funded defined benefit schemes whereas the Aegon Scheme is a money purchase arrangement.

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers in the STPS. In accordance with FRS 102 the STPS is accounted for as defined contribution schemes with contributions payable recognised as a cost in the Statement of Financial Activities.

During the year under review only a former bursar (left 2019), former director of sport (left 2020) and the current assistant bursar belong to the ISPS. The School's share of the underlying assets and liabilities within the ISPS are identifiable and as such have been accounted for as a defined benefit scheme in the year.

The Aegon Scheme is a money purchase arrangement, with contributions payable recognised as a cost in the Statement of Financial Activities.

Financial instruments

The School has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the School's statement of financial position when the School becomes party to the contractual provisions of the instrument.

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Basic financial liabilities

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the School's contractual obligations expire or are discharged or cancelled.

Income

All income is recognised once the School has entitlement to the income, it is probable the income will be received and the amount of income can be measured reliably.

1 Statement of accounting policies (continued)

Income (continued)

Fees and similar income

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 before deducting bursaries, grants and remissions granted by the School.

Deferred income - advance fees

Where the School receives fees in advance of the academic year to which they relate, they are included in deferred income allocated between falling due within one year and out with one year. Any discount given is deducted from School fees.

Donations

Donations receivable for the general purposes of the School are credited to "unrestricted funds". Donations for purposes restricted by the wishes of the donor are taken to "restricted funds". Donations required to be retained as capital in accordance with the donor's wishes are accounted for as "endowments". Where fixed tangible assets are donated, the endowment is released to unrestricted funds in line with the depreciation on those assets.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the School, this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Grant income

Income from government or other grants, whether 'capital' grants or 'revenue' grants, is recognised when the School has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the School to that expenditure, it is probable that a settlement will be required and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis. Certain expenditure is apportioned to cost categories based on the estimated amount attributable to that activity in the year. The irrecoverable element of VAT is included with the item of expense to which it relates.

- Costs of raising funds are those costs incurred in attracting voluntary income and those incurred in operating activities that raise funds.
- Charitable activities include expenditure associated with the delivery of its activities and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the School and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of the resources e.g. allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

1 Statement of accounting policies (continued)

Fixed Assets

Land and Buildings were originally shown in the balance sheet at their estimated value (based on earlier professional valuation) at the time they were donated at the inception of the Trust. Land and buildings were revalued in April 2018 and this was accounted for in the year to July 2019.

Other fixed assets transferred from the predecessor Trust were transferred at book value in the old Trust. Subsequent additions are included at cost.

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

Buildings	50 years
Equipment	5-10 years
Plant and Machinery	5 years

Investment Policy

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The School does not acquire put option, derivatives or other complex financial instruments.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank

Cash at bank includes cash held in a deposit or similar account. The School and grounds are assets held as security formally charged to the Royal Bank of Scotland.

Stock

Stock consists of items held for distribution and is incorporated at the lower cost or market value.

Concessionary loans

Concessionary loans are initially recognised and measured at the amounts received, with the carrying amounts adjusted in subsequent years to reflect repayments and adjusted if necessary for any impairments. The loan from the Energy Savings Trust constitutes a concessionary loan.

Teaching Materials

Supplies of games equipment, books, stationery and sundry materials are written off to the General Reserve account as soon as the expenditure on procuring them is incurred.

Funds

Funds are classified as either restricted, unrestricted or designated funds defined as follows:

2 Statement of accounting policies (continued)

Funds

Restricted funds are funds subject to specific purposes which may be declared by the donor or their authority (e.g. by the restricted wording of an appeal). Some are restricted income funds expendable at the discretion of the Trustees in the furtherance of a particular activity, such as central and local government grants, and funds raised for particular client groups or activities. Other are capital funds where the assets are required to be invested for long term use.

Unrestricted funds are expendable at the discretion of the Trustees in furtherance of the objects of the Kilgraston School Trust.

Designated funds are unrestricted funds which have been earmarked by the Trustees for particular purposes.

If required a transfer is made from unrestricted funds to compensate fully all restricted funds or designated funds which would otherwise be in deficit at the accounting date.

Taxation

The School is a Recognised Charity and is not liable to taxation.

2 Critical accounting estimates and judgements

In the application of the School's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates include fixed asset depreciation, investment valuation, bad debt provisions, accruals and deferred income, and the pension deficit.

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

Useful life of tangible fixed assets

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. Fixed assets are also assessed as to whether there are indicators of Impairment.

Trade debtor recovery

Credit control is an important function which requires assessment, on an ongoing basis, of the recoverability of amounts due from debtors. Where recovery is in doubt, management will adequately provide against this specific debt and will arrive at such conclusions based on the knowledge of the debtor and their "ability to pay". The Trustees adopt a prudent approach to credit control.

Accruals

Management estimate the requirements for accruals using post year end information and information available from detailed budgets. This identifies costs that are expected to be incurred for services provided by other parties. Accruals are only released when there is a reasonable expectation that these costs will not be invoiced in the future.

Deferred income

Deferred income is primarily on advance fees which is recognised as being due out with one year where the payment received is for an academic year beyond the next year. The Trustees estimate the deferred income by pro rating the fees paid over the period in which the payment covers.

2 Critical accounting estimates and judgements (continued)

Defined benefit pension scheme

The School has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on various factors, including; life expectancy, salary increases, asset valuations and discount rates on corporate bonds. Trustees make use of appropriately qualified actuaries to support the estimation of these factors in determining the net pension obligation. The assumptions reflect historical and current trends.

3 Expenditure includes:

	2022	2021
	£	£
Auditor's remuneration	15,600	9,270

4 Total staff costs comprises:

	2022	2021
	£	£
Wages and salaries	2,905,002	2,676,476
Social security costs	270,366	251,119
Pension contributions	427,023	416,938
	3,602,391	3,344,533

Neither the Trustees or the Governors received any remuneration or expenses during the academic year 2021/22 or the year 2020/21. Trustee indemnity insurance is in place.

The remuneration of key management personnel including benefits in the year was £260,337 (2021 - £246,277).

The number of employees with emoluments £70,000-£80,000 amounted to Nil (2021 -1), £100,000-£110,000 amounted to 1 (2021 – Nil) and £130,000-£140,000 amounted to Nil (2021 – 1).

The average number of staff during the year was:

	2022	2021
	Total	Total
Teaching staff		
Full time	27	28
Part time	33	29
Residential		
Full time	4	4
Part time	1	1
Domestic	19	20
Maintenance	3	2
Garden	1	1
Management/administration/Secretarial		
Full time	13	16
Part time	15	9
	116	110

Kilgraston School Trust

Notes to the financial statements (continued)

5 Analysis of total expenditure

	Staff costs	Other costs	2022 Total	Staff costs	Other costs	2021 Total
	£	£	£	£	£	£
Charitable activities						
Teaching costs	2,256,696	120,994	2,377,690	2,127,022	125,411	2,252,433
Welfare costs	145,329	432,958	578,287	148,614	330,734	479,348
Premises costs	376,497	567,356	943,853	333,875	530,411	864,286
Support costs	602,523	333,621	936,144	520,163	116,490	636,653
Management and administration costs	221,346	319,703	541,049	214,859	327,711	542,570
Depreciation	-	121,379	121,379	-	121,076	121,076
	<u>3,602,391</u>	<u>1,896,011</u>	<u>5,498,402</u>	<u>3,344,533</u>	<u>1,551,833</u>	<u>4,896,366</u>
School operating costs						
Governance costs	-	15,600	15,600	-	9,270	9,270
	<u>-</u>	<u>15,600</u>	<u>15,600</u>	<u>-</u>	<u>9,270</u>	<u>9,270</u>
Total expenditure	<u><u>3,602,391</u></u>	<u><u>1,911,611</u></u>	<u><u>5,514,002</u></u>	<u><u>3,344,533</u></u>	<u><u>1,561,103</u></u>	<u><u>4,905,636</u></u>

Notes to the financial statements (continued)

6 Tangible fixed assets**2022**

	Land & buildings £	Plant & equipment £	Motor vehicles £	Total £
Cost				
At 1 August 2021	3,000,000	599,562	-	3,599,562
Additions	-	79,036	12,495	91,531
Disposals	-	-	-	-
At 31 July 2022	3,000,000	678,598	12,495	3,691,093
Depreciation				
At 1 August 2021	103,000	315,487	-	418,487
Disposals	-	-	-	-
Charge for year	51,500	67,796	2,083	121,379
At 31 July 2022	154,500	383,283	2,083	539,866
Net book value				
At 31 July 2022	2,845,500	295,315	10,412	3,151,227
At 31 July 2021	2,897,000	284,075	-	3,181,075

2021

	Land & buildings £	Plant & equipment £	Motor vehicles £	Total £
Cost				
At 1 August 2020	3,000,000	427,332	-	3,427,332
Additions	-	175,480	-	175,480
Disposals	-	(3,250)	-	(3,250)
At 31 July 2021	3,000,000	599,562	-	3,599,562
Depreciation				
At 1 August 2020	51,500	247,661	-	299,161
Disposals	-	(1,750)	-	(1,750)
Charge for year	51,500	69,576	-	121,076
At 31 July 2021	103,000	315,487	-	418,487
Net Book Value				
At 31 July 2021	2,897,000	284,075	-	3,181,075

6 Tangible fixed assets (continued)

The freehold property was revalued on 04 April 2018 by RICS registered valuer Graham & Sibbald at £3,000,000 to reflect fair value. This impairment was incorporated in the financial statements at 31 July 2019.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	31,687	46,896

7 Investments

	2022 £	2021 £
Opening market value at 31 July 2021	310,600	289,295
Movement in the year		
Disposals	(9,525)	-
Unrealised (loss)/gain	(17,836)	21,305
Closing market value at 31 July 2022	283,239	310,600
Represented by:		
Investments held as part of portfolio	283,239	310,600

The investments are held within a managed portfolio and are mainly index linked securities and bonds.

Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

7 Investments (continued)

Investment risks (continued)

The School has exposure to these risks because of the investments it makes to implement its investment strategy. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the School's strategic investment objectives. These investment objectives and risk limits are implemented through the investment manager agreements in place with the School's investment managers and monitored by the Trustees by regular reviews of the investment portfolios.

Further information on the Trustees' approach to risk management and the School's exposure to credit and market risks are set out below.

Credit Risk

The School invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles.

Pooled investment arrangements used by the School comprise authorised unit trusts.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities.

Currency risk

The School is subject to currency risk because some of the School's investments are held in overseas markets.

Interest rate risk

The School is subject to interest rate risk through investments comprising bonds.

Other price risk

Other price risk arises principally in relation to equities held in pooled vehicles. The School manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets.

8 Financial instruments

	2022	2021
	£	£
Carrying amount of financial assets		
Financial assets measured at fair value through the statement of financial activities	283,239	310,600
	=====	=====

Financial assets measured at fair value through the statement of financial activities comprises investments.

Kilgraston School Trust

Notes to the financial statements (continued)

9 Debtors

	2022	2021
	£	£
Fee debtors	150,599	247,792
Other operational debtors	129,544	31,654
Prepayments	44,767	49,788
	<u>324,910</u>	<u>329,234</u>

10 Creditors: amounts falling due within one year

	2022	2021
	£	£
Amounts falling due within one year:		
Other creditors	434,051	562,008
Loans	11,315	9,115
Pension deficit	12,379	8,931
Creditors and accruals	713,174	586,524
	<u>1,170,919</u>	<u>1,166,578</u>

11 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Amounts exceeding one year:		
Other creditors	218,125	266,903
Advanced fees	105,103	76,107
Pension deficit	109,795	99,975
Loans	772,975	776,959
	<u>1,205,998</u>	<u>1,219,944</u>

11 Creditors amounts falling due after more than one year (continued)

The loan balance comprises two separate loans. The first loan of £784,000 was received in the prior year and is to be repaid by 228 monthly instalments of £4,832 and a final instalment of an amount sufficient to repay the outstanding balance in full. The Royal Bank of Scotland hold a standard security over the School and grounds in respect of this loan. The second loan, from the Energy Saving Trust, represents a loan towards cutting down on energy use by the School. An amount of £2,047 is still outstanding from a total loan of £98,000. The loan is repaid by 26 equal monthly instalments of £2,053. The loan is interest free.

Included within other creditors are amounts due in relation to finance leases. The liabilities from finance leases are secured over the assets concerned.

Included within creditors are amounts deferred in relation to fees paid in advance as follows:

	2022	2021
	£	£
Advanced fees		
At 31 July 2021	109,916	139,865
Released in year	(52,366)	(29,949)
Received in year	146,399	-
	<hr/>	<hr/>
At 31 July 2022	203,949	109,916
	<hr/> <hr/>	<hr/> <hr/>
Due within one year	98,846	33,809
	<hr/> <hr/>	<hr/> <hr/>
Due outwith one year	105,103	76,107
	<hr/> <hr/>	<hr/> <hr/>

12 Funds

2022	Opening balance at 1 August 2021 £	Net (expenditure) /income £	Realised and unrealised losses £	Transfers £	Closing balance at 31 July 2022 £
Society donation fund	1,526,067	-	-	-	1,526,067
General reserves	2,108	(77,551)	(5,166)	(8,620)	(89,229)
Pension deficit	(108,906)	33,105	(46,373)	-	(122,174)
Total unrestricted funds	1,419,269	(44,446)	(51,539)	(8,620)	1,314,664
Croftinloan fund	200,183	1,974	(11,939)	6,701	196,919
Swinton fund	24,380	661	(2,210)	1,919	24,750
Swimming pool fund	89,462	(4,948)	-	-	84,514
Hockey pitch fund	61,200	(1,116)	-	-	60,084
Total restricted funds	375,225	(3,429)	(14,149)	8,620	366,267
Total funds	1,794,494	(47,875)	(65,688)	-	1,680,931
Represented by					
Tangible fixed assets	3,181,075	(29,848)	-	-	3,151,227
Investments	310,600	(8,046)	(19,315)	-	283,239
Net current liabilities	(477,237)	(70,300)	-	-	(547,537)
Long term liabilities	(1,219,944)	60,319	(46,373)	-	(1,205,998)
	1,794,494	(47,875)	(65,688)	-	1,680,931

12 Funds (continued)

2021	Opening balance at 1 August 2020 £	Net income/ (expenditure) £	Realised and unrealised gains £	Transfers £	Closing balance at 31 July 2021 £
Society donation fund	1,526,067	-	-	-	1,526,067
General reserves	417,120	(465,078)	5,752	44,314	2,108
Pension deficit	(92,583)	(17,068)	745	-	(108,906)
Total unrestricted funds	1,850,604	(482,146)	6,497	44,314	1,419,269
Croftinloan fund	184,810	-	15,373	-	200,183
Swinton fund	24,200	-	180	-	24,380
Butterstone fund	44,314	-	-	(44,314)	-
Swimming pool fund	102,752	(13,290)	-	-	89,462
Hockey pitch fund	62,316	(1,116)	-	-	61,200
Total restricted funds	418,392	(14,406)	15,553	(44,314)	375,225
Total funds	2,268,996	(496,552)	22,050	-	1,794,494
Represented by					
Tangible fixed assets	3,128,171	52,904	-	-	3,181,075
Investments	289,295	-	21,305	-	310,600
Net current liabilities	(512,213)	34,976	-	-	(477,237)
Long term liabilities	(636,257)	(584,432)	745	-	(1,219,944)
	2,268,996	(496,552)	22,050	-	1,794,494

Purpose of funds

Society donation fund	Established on the inception of the Trust and represents the excess of the contribution from the Society of Sacred Heart of property and other assets over the accumulated deficit of the predecessor Trust.
Croftinloan fund	Educational fund established on the transfer of the funds from the Croftinloan Foundation. The purpose of the funds is to fund bursaries out of the income generated for pupils preferably from the Pitlochry or within the Perth and Kinross area generally.
Swinton fund	Established on the transfer of funds from the Kilgraston Old Girls Association. The purpose of the fund is to support Kilgraston pupils with one off extra-curricular activities.
Butterstone fund	Established on the merger with Butterstone School. The funds were to be used in the interests of the Prep School. Given the need for these funds to support projects in the prior year, correspondence was obtained to facilitate the transfer of these funds into general reserves.

Kilgraston School Trust

Notes to the financial statements (continued)

12 Funds (continued)

Swimming pool fund	Established from the fundraising activities associated with the swimming pool development.
Hockey Pitch fund	Established from the fundraising activities associated with the hockey pitch development.

13 Operating lease commitments

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

	2022 £	2021 £
Within one year	13,238	13,238
Between two and five years	13,239	26,477
	<u>26,477</u>	<u>39,715</u>

The operating leases represent office equipment leased from third parties.

14 Reconciliation of net expenditure to net cash inflow/(outflow)

	2022 £	2021 £
Net expenditure in year	(113,563)	(474,502)
Unrealised loss/(gain) on investments	17,836	(21,305)
Loss on disposal of investments	1,479	-
Gain on disposal of assets	-	(2,000)
Interest paid	37,656	15,029
Interest and investment income	(4,676)	(2,460)
Depreciation	121,379	121,076
Increase in stock	(1,247)	(2,974)
Decrease/(increase) in debtors	4,324	(209,042)
Decrease in creditors	(5,879)	(13,721)
Increase in pension deficit	13,268	16,323
Net cash inflow/(outflow) from operating activities	<u>70,577</u>	<u>(573,576)</u>

15 Pension schemes

During the year the total of the pension contributions amounted to £427,023 (2021 - £416,938). At the year end £51,387 (2021 - £48,478) of contributions were outstanding. This amount is included within other creditors due within one year.

STPS

The school participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees contributions.

The School has no liability for other employer's obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The scheme is an unfunded multi-employer defined benefit scheme.

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

The employer contribution rate for the period from 1 April 2021 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

While a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2022 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2021 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

Employee contribution rates during the year were:

Pensionable Salary

Up to £29,186 - 7.2%	£46,587 - £61,740 - 10.4%
£29,187 - £39,289 - 8.7%	£61,741 - £84,190 - 11.5%
£39,290 - £46,586 - 9.7%	£84,190 and above - 11.9%

15 Pension schemes (continued)

ISPS

The Pensions Trust offers five different benefit structures within the Independent Schools' Pension Scheme. The School participated in two of these structures a) a defined benefit - final salary with a 1/60th accrual rate and b) a defined contribution. The defined benefit scheme closed on 31 August 2016, and all members transferred to the defined contribution scheme. The School introduced the new contribution rates to the defined contribution scheme that was originally introduced in 2015 to comply with auto-enrolment requirements.

a) Defined Benefit Scheme – Final salary

The School closed the defined benefit scheme at 31 August 2016. All member benefits accrued until that date have been preserved, therefore there is an ongoing liability for the School. The Trustees commission an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The last formal valuation of the Scheme was performed as at 30 September 2020 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £201.1 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £55.2 million, equivalent to a past service funding level of 78%.

The School was notified by ISPS that following the triennial valuation undertaken to 30 September 2020 it would be necessary to increase the funding contributions to £12,379 per annum payable for a ten year period increasing by 3% per annum resulting in a total repayment of £143,464. Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2020.

The financial assumptions underlying the valuation as at 30 September 2020 were as follows:

	% p.a.
RPI Rate	Gilt Inflation Curve at each term (3.08%)
CPI Rate	1% below RPI (2.08%)
Rate of Salary increase	CPI inflation at each term
Investment return	2.2
	% p.a.
Pension increases	
Limited price indexation (5% cap)	Derived each term using Black Scholes Method with a volatility assumption of 1.75% p.a.

15 Pension schemes (continued)

ISPS (continued)

The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	23.88	26.01
Pensioners	22.24	24.56

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	48.6
Final salary with a 1/80th accrual rate	36.6

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustees must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following the results of the previous actuarial valuation at 2017, It was agreed that the shortfall of £38.2 would be dealt with by the payment of deficit contributions of £2.4m from 1 September 2019 to 30 April 2030. The latest actuarial valuation at 2020 shows a shortfall of £55.2m and this will be dealt with by the payment of deficit contributions of £2.7m from 1 September 2022 to 30 June 2032.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liabilities attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

b) Defined Contribution Scheme

Following the closure of the defined benefit scheme on 31 August 2016, the School offered two new levels of employee contribution into the defined contribution scheme, being 7% and 10%, both attracting an employer contribution of 13.55%. The existing option of 5% employee contribution continued, which is matched by an employer contribution of 10%.

Aegon Group Pension Scheme

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

16 Post balance sheet events

On 24 June 2023 and further to the Trustees announcing their intention to close the School at the end of the term on the grounds that they considered it financially unviable to continue operating, the Trustees were pleased to enter into a contract with Achieve Education Limited to provide significant financial support, restore the financial stability of the School as a trade and help secure its long term future whilst maintaining the ethos of the School.

Simultaneously Achieve Education Limited assumed management of the School's activities and the Governing Board stood down.

As part of the Trustees actions to support the cashflow of the School post year end, the decision was taken to realise cash through the sale of the investments during the 2023 financial year.