

OCHIL TOWER SCHOOL LIMITED

Scottish Charity No. SCO06091

Company No. SCO 51098

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2006**

**Report of the Directors
For the Year ended 31 January 2006**

The directors present their report with the financial statements of the company for the year ended 31 January 2006.

Reference and Administrative Details

<i>Company number:</i>	SCO 51098
<i>Charity number:</i>	SCO006091
<i>Registered Office:</i>	140 High Street, Auchterarder, Perthshire, PH3 1AD
<i>Auditors</i>	James Anderson & Co, Pentland Estate, Straiton, Edinburgh, EH20 9QH.
<i>Bankers:</i>	Royal Bank of Scotland
<i>Solicitors:</i>	Kippen Campbell, 48 Tay Street, Perth, PH1 5TR.
<i>Company secretary:</i>	U Ruprecht
<i>Directors:</i>	The directors serving during the year and since the year-end were as follows: Mrs L Graham, chairman Very Rev H Farquharson (appointed 17 May 2005) C Findlay W Frew (resigned 4 April 2006) Mrs J McDonald (resigned 12 September 2006) J Reed F R Shewan Mrs J Stewart J M Surkamp Mrs J Surkamp Mrs B Thom

Statement of Directors responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Directors
For the Year ended 31 January 2006****Structure Governance and Management***Governing Document*

Ochil Tower School Limited is a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association dated 15 July 1972. The liability of each member is limited to £5. It is a registered charity with the Office of the Scottish Charity Regulator (OSCR).

Director induction and training

New directors are briefed on their legal obligations under charity law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Directors are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The Board of Directors appoints the joint co-ordinators, carry out financial overview and is available to assist the staff on more complex issues. The joint co-ordinators are responsible for placement of pupils, the engagement and training of staff and the day to day running of the school. The Directors meet on average four occasions a year to receive reports from the manager and administrator and to carry out operational and financial reviews.

Risk Management

The directors are satisfied that the major risks to which the charity is exposed have been reviewed and procedures have been established to manage these risks.

Objectives and Activities

The purpose of the charity is to provide a residential co-educational school for children up to 18 years of age, who find it difficult to adapt themselves to the routine and educational demands of ordinary school life.

Achievements and Performance

This has been a busy year for Ochil Tower and the completion of Rowan House, the new residential unit, was one of the many highlights. Ochil Tower has been successful in maintaining a full occupancy level for residential and day places and also all co-worker vacancies have been filled. Parents and professionals have shown appreciation for the care and education provided by Ochil Tower for the young people. This was also reflected in the reports by the Care Commission.

Financial Review

The financial statements follow on pages 6 to 13. These statements are prepared in terms of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities and the Companies Act 1985.

The company recorded a deficit in the period mainly due to the repair and renewal expenditure carried out in the children's houses, Belvidere, Sycamore and Rowan. The upgrading, together with the opening of a new children's house, Rowan House, provides a much improved level of accommodation at the school.

The school continues to work closely with and enjoy the support of local councils in Scotland. Fees are agreed three years in advance and a fee rebate scheme operates when pupil numbers are high.

**Report of the Directors
For the Year ended 31 January 2006 continued**

Financial Review Continued.

Reserves policy

The directors aim to build up sufficient free reserves to cover the company's running costs for a three month period. The current reserves amount to 16 weeks expenditure and are therefore satisfactory.

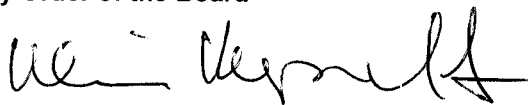
Plans for Future Periods

During the last two years the residential side of Ochil Tower School has been the focus of physical and professional development. This will be balanced in the coming year by placing greater emphasis on the development of the classroom environment and practice.

Auditors

Helen Lowe & Company Ltd demitted office as auditors and James Anderson & Co have been appointed by the board of directors to audit the financial statements for the year ended 31 January 2006. A resolution will be proposed at the Annual General Meeting that James Anderson & Co be appointed auditors for the ensuing year.

By Order of the Board



**U Ruprecht
Company Secretary**

8 January 2007

We have audited the financial statements of Ochil Tower School Limited for the year ended 31 January 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The responsibilities of the directors for preparing the Annual Report and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, information given in the Directors' Annual Report is consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charity is not disclosed.

We read the Directors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

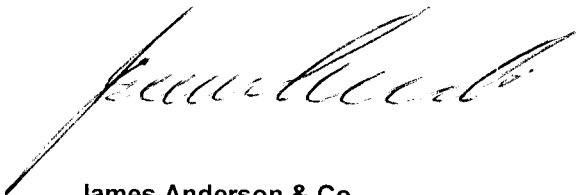
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion (Continued)...

Opinion (Continued/..)

In our opinion:

- the financial statements give a true and fair view in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 January 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and
- the financial statements have been properly prepared in accordance with the Companies Act 1985



James Anderson & Co
Chartered Accountants
and Registered Auditors
Pentland Estate
Straiton
EDINBURGH
EH20 9QH

8 January 2007

Statement of Financial Activities
(Incorporating Income & Expenditure Account)
For the Year ended 31 January 2006

	Notes	Unrestricted Fund	Designated Funds	Total 2006	Total 2005
Incoming resources from generated funds					
- Voluntary income	3	-	4,806	4,806	18,079
- Investment income	4	7,555	5,850	13,405	9,405
Incoming resources from charitable activities					
- Fees and allowances		1,009,437	5,325	1,014,762	901,984
Incoming Resources		<u>1,016,992</u>	<u>15,981</u>	<u>1,032,973</u>	<u>929,468</u>
Charitable expenditure					
- Costs of direct activities	5	997,412	28,532	1,025,944	876,568
- Support of direct activities	6	15,426	-	15,426	12,595
- Depreciation	10	-	24,932	24,932	24,237
Governance costs	7	<u>5,080</u>	<u>-</u>	<u>5,080</u>	<u>4,701</u>
Resources Expended		<u>1,017,918</u>	<u>53,464</u>	<u>1,071,382</u>	<u>918,101</u>
Net (Outgoing)/Incoming Resources	8	(926)	(37,483)	(38,409)	11,367
Transfers between funds		(17,000)	17,000	-	-
Net Movement in Funds		<u>(17,926)</u>	<u>(20,483)</u>	<u>(38,409)</u>	<u>11,367</u>
Balances 31 January 2005		<u>32,771</u>	<u>335,547</u>	<u>368,318</u>	<u>356,951</u>
Balances 31 January 2006	14	<u>14,845</u>	<u>315,064</u>	<u>329,909</u>	<u>368,318</u>

The results set out in the income and expenditure account above derive wholly from the continuing operations of the company.

Balance Sheet
As at 31 January 2006

	Notes	2006 £	2005 £
Fixed Assets			
Tangible assets	10	71,325	72,234
Current Assets			
Debtors	11	117,693	180,666
Cash at bank		253,455	177,814
		371,148	358,480
Creditors			
Amounts falling due within one year	12	112,564	62,396
Net Current Assets		258,584	296,084
Total Assets less Current Liabilities		329,909	368,318
Capital and Reserves			
Unrestricted fund	14	14,845	32,771
Designated funds	14	315,064	335,547
Total Funds		329,909	368,318

The financial statements on pages 6 to 13 were approved by and signed on behalf of the Board of Directors on 8 January 2007.



Mrs L. Graham

Director

C Findlay

Director

**Notes to the Financial Statements
For the Year ended 31 January 2006**

1. Accounting Policies

a) Basis of Accounting

The company prepares its financial statements on the historical cost basis and in accordance with applicable accounting standards and the Statement of Recommended Practice (revised 2005) Accounting and Reporting of Charities.

b) Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and Fittings	at varying rates on cost
Motor vehicles	25% reducing balance

c) Income

Revenue grants and all other income are stated at the amounts receivable in the year. The receipt in advance of income conditional on performance in a future accounting period is recognised in these accounts as deferred income.

d) Expenditure

All expenditure is included on the accruals basis and has been directly attributed to one of the financial categories of resources expended in the Income & Expenditure Account and Statement of Financial Activities. The expenditure also includes irrecoverable VAT.

e) Discretionary Benevolent Fund

The company makes provision for future discretionary benevolent payments to its co-workers. The contributions in the year are charged to the Income and Expenditure Account.

f) Taxation

No provision for corporation tax is necessary as the company has charitable status and does not trade. The company suffers input VAT on some of its expenditure which it does not recover.

2. Income

The charity's income consists of residents' fees, donations and interest received. Income is attributable to the one continuing activity, which is the provision of residential education for children with difficulty adapting to ordinary school life.

Notes to the accounts
Year Ended 31 January 2006

	2006 £	2005 £
3. Voluntary income		
Donations	4,806	18,079
	<u> </u>	<u> </u>
4. Investment income		
Bank interest	13,405	9,405
	<u> </u>	<u> </u>
5. Cost of Direct Activities		
Unrestricted Fund		
Salaried Staff	150,880	140,598
Co-workers costs	127,466	120,316
Co-workers training	13,380	16,879
Rent	140,000	120,000
Office and telephone	25,067	30,323
Campmill Scotland subscriptions	9,288	7,914
Provisions	85,581	79,046
Education & therapy	60,887	48,884
Medical	11,152	9,863
Heat and light	28,252	19,015
Household and laundry	36,883	32,442
Repairs and renewals	119,411	57,027
Motor and travel expenses	42,057	42,164
Insurance and local taxes	34,292	36,356
Garden and estate	3,282	6,169
Bank interest and charges	534	372
Co-worker discretionary benevolent fund	109,000	109,200
	<u> </u>	<u> </u>
	997,412	876,568
Benevolent Fund		
Grants	3,300	-
White House Fund		
Maintenance costs	4,472	-
General Reserve		
Rowan House furnishings	20,760	-
	<u> </u>	<u> </u>
	1,025,944	876,568
	<u> </u>	<u> </u>

Notes to the accounts
Year Ended 31 January 2006

	2006 £	2005 £
6. Support of direct activities		
Administration salaries	12,985	12,595
Accountancy fees	2,441	-
	<u>15,426</u>	<u>12,595</u>
7. Governance costs		
Audit fee	3,172	-
Audit fee – previous agent	372	4,701
Other accounting services	587	-
Reimbursement of directors' expenses	949	-
	<u>5,080</u>	<u>4,701</u>
8. Operating Deficit (net outgoing resources)		
The operating deficit is stated after charging:		
Depreciation	27,982	24,237
Audit fee	3,172	-
Audit fee - previous agent	372	3,800
Other accounting services	587	-
	<u>32,113</u>	<u>28,037</u>
9. Staff Costs		
Wages & salaries	152,248	279,350
Social security costs	11,617	26,811
	<u>163,865</u>	<u>307,431</u>

The average weekly number of employees during the year was:

	Number	Number
Administration	1	1
Maintenance	1	1
School	10	9
	<u>12</u>	<u>11</u>

No staff member is remunerated at a level in excess of £60,000.
In addition the services of 38 co-workers (2005: 38) were utilised during the year.

Notes to the accounts
Year Ended 31 January 2006

10. Tangible fixed assets	Furniture & Equipment £	Motor Vehicles £	Total £
Cost			
At 31 January 2005	83,053	141,697	224,750
Additions	-	32,873	32,873
Disposals	(6,530)	(64,504)	(71,034)
	<hr/>	<hr/>	<hr/>
As at 31 January 2006	76,523	110,066	186,589
	<hr/>	<hr/>	<hr/>
Depreciation			
As at 31 January 2005	48,302	104,214	152,516
Charge for year	11,730	13,202	24,932
Written back on disposals	(6,530)	(55,654)	(62,184)
	<hr/>	<hr/>	<hr/>
As at 31 January 2006	53,502	61,762	115,264
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 January 2006	23,021	48,304	71,325
At 31 January 2005	34,751	37,483	72,234
	<hr/>	<hr/>	<hr/>
		2006	2005
		£	£
11. Debtors			
Trade debtors		17,693	75,505
Loans		100,000	100,000
Other debtors		-	5,161
		<hr/>	<hr/>
		117,693	180,666
		<hr/>	<hr/>

Loans totalling £100,000 have been made to Camphill Central Scotland Trust Limited, which owns the property from which Ochil Tower operates. The loans are repayable at three months notice.

Notes to the accounts
Year Ended 31 January 2006

	2006 £	2005 £
12. Creditors – Amounts falling due within one year		
Trade creditors	15,135	7,654
Accruals	18,200	50,329
Other taxation and social security	5,094	4,413
Deferred income	74,135	-
	<u>112,564</u>	<u>62,396</u>
13. Deferred income		
Received in year	93,635	-
Transferred to Income and Expenditure Account	19,500	-
	<u>74,135</u>	<u>-</u>

14. Statement of funds

	As at 31 January 2005 £	Incoming Resources £	Resources Expended £	Transfers Between Funds £	As at 31 January 2006 £
Unrestricted fund	32,771	1,016,992	(1,017,918)	(17,000)	14,845
Capital fund	33,423	-	(24,932)	62,834	71,325
Benevolent fund	141,616	1,766	(3,300)	-	140,082
Asset replacement fund	31,629	-	-	(31,629)	-
White House fund	668	5,325	(4,472)	-	1,521
General fund	128,211	8,890	(20,760)	(14,205)	102,136
Designated funds	<u>335,547</u>	<u>15,981</u>	<u>(53,464)</u>	<u>17,000</u>	<u>315,064</u>
Total	<u>368,318</u>	<u>1,032,973</u>	<u>(1,071,382)</u>	<u>-</u>	<u>329,909</u>

The **Unrestricted** fund represents the unrestricted funds which the company is free to use in accordance with its charitable objectives.

The **Designated** funds are:

- Capital Fund represents expenditure on the tangible fixed assets less depreciation charged.
- Benevolent Fund represents funds set aside to provide for co-workers.
- Asset Replacement Fund represents funds set aside for the future purchase of fixed assets.
- White House Fund represents the funds set aside for expenses of running a short stay property.
- General Fund represents donations and interest received less expenditure not normally met out of fee income.

Notes to the accounts
Year Ended 31 January 2006

15. Analysis of Net Assets between Funds

	Unrestricted Fund £	Capital Fund £	Benevolent Fund £	Asset Replacement Fund £	White House Fund £	General Fund £	Total £
Tangible fixed assets	-	71,325	-	-	-	-	71,325
Net current assets	14,845	-	140,082	-	1,521	102,136	258,584
	<u>14,845</u>	<u>71,325</u>	<u>140,082</u>	<u>-</u>	<u>1,521</u>	<u>102,136</u>	<u>329,909</u>

17. Co-Worker Discretionary Benevolent Fund

The company makes provision for future discretionary pension payments to its long term co-workers. The contributions are paid to a separate company which holds its assets in independently administered funds. The charge in the accounts represents contributions payable by the company during the year and amounted to £109,000 (2005: £109,200).