

Queen Victoria School

A DEFENCE AGENCY OF THE MINISTRY OF DEFENCE

ANNUAL REPORT AND ACCOUNTS FOR THE FINANCIAL YEAR 2004/2005

**Presented to the House of Commons pursuant to section 7 of the
Government Resources and Accounts Act 2000**

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Foreword

One of the main focal points of the 2004/2005 academic session was the HMIe Care & Welfare and Full Inspection and the key strengths noted were:

- Very good attainment in S3 to S6
- The strong partnerships with the Board of HM Commissioners, parents and the community
- The strong ethos of achievement in the School's ceremonial traditions of highland bagpiping, pipe band drumming and highland dancing, and the extensive range of extra-curricular activities which enabled pupils to broaden their experiences and increase their self-esteem
- The highly committed staff
- Pupils' confidence, motivation and pride in the School

And on the pastoral side:

- The hard work and commitment of staff
- The quality of the School's partnership with parents
- Access to a broad range of extra-curricular activities within the School campus and the wider environment
- Pupils' pride in, and commitment to the School
- The facilities and provision for medical care

Our 2004 examination results were good overall with 63.6% gaining 5 or more Credit passes (Scottish National average was 35%) and 72.5% of these grades were grade 1 or 2. At Higher we had 60.6% gaining 3 passes at A to C in S5 (Scottish National average was 23%) which was a considerable improvement on the previous year.

The Inspectors were also pleased to see an improving trend over the last 5-10 years with the overall teaching described as good and the overall quality of attainment for the examination groups as very good. The proportion of pupils achieving credit awards at Standard Grade was well above the National average in 14 out of 17 subjects and at Higher well above the National average in 16 out of 20 subjects.

The bottom line in Care and Welfare, as commented by one of the Inspectors, is that the average pupil in the School is happy, and that is certainly the case at Queen Victoria School (QVS). This is borne out by reference to the questionnaires conducted by the Inspectors where parents were very satisfied with all aspects of the School's provision and the students felt safe, secure and enjoyed being at School. Almost all pupils felt that their Houses were good and friendly places to live in and almost all parents felt that the care provided for pupils was good and their children felt safe and cared for e.g. 99% of pupils enjoyed being at the School and 98% of parents stated that their child enjoyed being at School.

The School has already started acting on various points recommended for improvement by the Inspectors and an Action Plan has been compiled in conjunction with the Board of Her Majesty's Commissioners, consultation with staff and parents and assistance from Stirling Council Children's Services to address the main findings of these reports.

On the Estates side, the final phase of the 10 year refurbishment programme of the boarding accommodation was completed in the summer of 2004. The

Adjutant General has also provided money to plan, design and push forward the Establishment Development Plan. Lieutenant General Sir Alastair Irwin, the outgoing Adjutant General, wrote in March to say that his Navy and Airforce colleagues were broadly supportive of our proposals, seeing QVS as a welcome additional option to the policy of choice between Boarding School Allowance, mobility and state and day school as well as stability, and essential development work for the long term future of QVS. However, whilst Defence Estates move forward with planning and preparations, we are still negotiating funding. Meanwhile, the School continues to drive ahead with its Centenary Appeal Fund to build a new music centre and auditorium, with the backing of the National Youth Orchestras of Scotland.

The School continues to have a sound record on Health & Safety. An Environmental Health Advisory visit carried out in March 2005 gave the School an overall satisfactory report. A Fire Safety Risk Assessment and Audit was carried out in April 2005 and the debrief indicated that there had been an overall improvement in staff awareness and in the fire safety culture. Health & Safety In-service sessions are held to further raise awareness of Health & Safety issues, and the Chief Executive also regularly emphasises the point that all staff are obligated to take responsibility and play their part in the overall Health & Safety of the School and that Line Managers and Principal Teachers ensure that Health & Safety aspects are totally integrated within the School curriculum and associated supporting activities.

Queen Victoria School is committed to, and operates a policy of, equal opportunity for all staff and applicants for appointment, irrespective of race, ethnic origin, physical or mental disability, gender, age, marital status, religious beliefs and sexual orientation. To this end, Queen Victoria School ensures that all staff and managers are aware of the basic principles of equal opportunities and are afforded the opportunity of participating in equal opportunities awareness training. The Agency conforms to the Adjutant General's Equal Opportunities Plan and this, in turn, is supported by the annual update and publication of our own Equal Opportunities Plan. In addition, the School is committed to the Investors in People (IIP) process and is, at present, working towards re-accreditation in September 2005.

As always the School's pupils are involved in a wide range of extra-curricular activities as can be seen by the list on page 8. The Pipe Band and Highland Dancers are very high profile, including playing at five Scottish rugby internationals, a performance in George Square in Glasgow, the Lord High Commissioner's Garden Party at Holyrood, and the opening of the Scottish Parliament to name but a few. The climax of their activities will be their performance at the 2005 Nova Scotia Tattoo in Halifax this summer. The wide-ranging sporting programme alongside outward bound activities, Duke of Edinburgh Award, CCF as well as the windband, drama and our very successful Tae Kwon Do all provide a myriad of challenges and opportunities for QVS pupils.

This is, undoubtedly, a unique School which does well in all areas and pupils leave QVS well prepared to face the outside world. The Second Sea Lord, Admiral Sir James Burnell-Nugent KCB, CBE, ADC commented after his visit to the School: *'What an excellent visit to your excellent School. I congratulate you whole-heartedly for all you are doing there and was most impressed by all I saw'*. Although there is still much to be done, as can be seen by the action points in the Inspection Reports, and we cannot afford to rest on our laurels at any stage, staff should be justifiably proud of the wide ranging and considerable achievements throughout this academic session.

Queen Victoria School

MISSION STATEMENT

At Queen Victoria School, we have a mission which lies at the very heart of the School ethos and which underpins everything we do here. That mission is to provide stable, uninterrupted and high quality education for the children of Scottish Service personnel, or those who are serving or have served in Scotland. In so doing, we aim to produce well rounded, articulate and confident young people who are better equipped to face the world outside the School; to promote the Armed Forces as a provider of high quality education; and to articulate the value of the Service ethos as a basis for personal development and good citizenship. We achieve this by training and developing all of our employees to reach their full potential which, in turn, enhances our aims.

A PROUD HISTORY - COLOURFUL TRADITIONS

The School can trace its history back to the early 1900s when the idea was first mooted of a school to commemorate those Scottish soldiers and sailors who fell in South Africa during the Boer Wars. The proposal was warmly received by Queen Victoria herself and, upon her death the following year, it was resolved that the School should serve the dual purpose of commemorating the dead servicemen as well as being a living memorial to the late Empress. To this end, money was raised in a national effort which captivated the imagination of the Scottish public. For example, every Serviceman donated a day's pay and an appeal for contributions from the Scottish workforce received a generous response. Work then began in earnest, and His Majesty King Edward VII officially opened Queen Victoria School on 28th September 1908.

The School still proudly preserves and nurtures those traditions and ceremonies which provide such a vibrant reminder of its noble origins, and which continue to make Queen Victoria School truly unique in the educational world.

IN PURSUIT OF ACADEMIC EXCELLENCE

Today, our core aim – to provide stable and uninterrupted education for the children of Service personnel – remains. In so doing, we encourage each pupil to achieve his or her full potential. Admissions are non-selective and, in accordance with our Royal Warrant, we have a particular duty of care for compassionate and needy cases. Learning Support is available for individuals and small groups in P7 and S1, then throughout the School as required. We are justifiably proud of our academic achievements which, in most cases, are well above the Scottish National average, despite the fact that pupils come from various educational systems and, because of Service life, have attended many different schools.

The School offers a wide and balanced curriculum following the Scottish educational system leading to Standard, Intermediate 2 and Higher Grades of the Scottish Certificate of Education. Pupils will also have the opportunity to study in a number of subjects for the Advanced Higher examinations.

“HOME FROM HOME” ENVIRONMENT

Queen Victoria School aims to provide a happy and stable environment in which pupils can consolidate the basics of learning whilst participating in a full and energetic boarding life. The Boarding House system, with its pastoral tutorial structure, ensures a planned, yet relaxed, routine essential to the successful development of the individual.

Apart from their own recreational facilities within each House, all pupils make use of the School’s extensive sports facilities, which include a Sports Hall, Gymnasium, Multi-Gym, Swimming Pool, All-Weather Pitch, Tennis and Squash Courts, as well as playing fields. In addition, there is an Adventure Playground within the grounds which has been set aside exclusively for the younger pupils.

PASTORAL CARE

At Queen Victoria School pastoral care is given a high priority and is the responsibility of the Assistant Headteacher, a part of whose remit is Quality Assurance in the Boarding Houses. Pastoral care encompasses a wide spectrum of care aimed at promoting the welfare and happiness of each individual child, and includes careers advice, healthcare, emotional support, character development, as well as spiritual and moral guidance. It should also be noted that since the Children (Scotland) Act 1995 the Assistant Headteacher is also the Child Protection Co-ordinator.

The House structure provides detailed supervision of the individual and close pastoral care. The child’s welfare is the day to day responsibility of the Housemaster, Housemistress or Houseparent, and their staff. Nominated members of staff also act as House Tutors, each with responsibility for a group of some 10 to 12 pupils. They are the primary focus and point of contact with any one group of pupils. They use their professional and personal skills to listen and advise, or to arrange referrals if more specialised attention is required. The Headmaster, Deputy Headmaster and Assistant Headteacher also act as Year Heads of S6, S5 and S4, respectively. All information is channelled through to the Housemaster, Housemistress or Houseparent, who acts as the liaison between the House, parents and Headmaster. Parents are also actively encouraged to participate in the life of the School. In addition to Parent/Teacher meetings, there is a Parents’ Association and a Parents’ Liaison Committee, both of which meet regularly.

The School is inter-denominational. Our own historic Chapel is the venue for School Assembly each morning and is regarded as an integral part of the pupils’ religious, moral and social education. The School also has its own medical facility, which is supervised by a qualified resident Sister and a part-time Nurse.

SOCIAL, PHYSICAL AND CULTURAL DEVELOPMENT

The School prides itself on developing its pupils in the widest possible sense and aims to achieve success in extra curricular activities, sport and music. The main sports are rugby, cross-country, athletics and hockey but many other physical activities are available as well, including sailing, canoeing, shooting, football, basketball, volleyball, squash, badminton, golf, tennis and swimming. In addition, all Primary and S1 pupils receive instruction in either Piping, Drumming, Bugling, or Highland Dancing, and Ceremonial Drill. Activities are positively encouraged.

The School's Pipe Band and Highland Dancers have earned an international reputation. It is a source of pride to Queen Victoria School that the Pipe Band has played at Scotland's home Rugby Internationals since 1922. In addition, our Highland Dancing teams have appeared in Scotland, abroad and on television. We are also the only school in Scotland that has the honour of parading the Sovereign's colours. The ceremonial aspect is an important feature of school life as it helps to instil a sense of self-discipline, order, pride, belonging and achievement - qualities essential for later life.

Pupils have the opportunity to participate in the Duke of Edinburgh's Award Scheme and to qualify for Bronze, Silver and Gold Awards. The School's Combined Cadet Force contingent has Royal Navy, Royal Air Force and Army sections which allow for weekend training, air experience flying, sea-going attachments and annual Summer and Easter camps, both in the UK and abroad.

OUR PRODUCT

Queen Victoria School produces well-rounded, articulate and confident young people. We look to achieve academic excellence, and pride ourselves on developing pupils in the widest sense through curricular Personal and Social Education which aims to achieve success in a breadth of extra-curricular activities ranging from dancing and music to theatre and various sports. It is this enrichment, allied to academic strength, that truly identifies a Queen Victoria School education and which optimises the future prospects for its pupils. Through a myriad of opportunities, pupils learn to recognise their own personal strengths and aptitudes and, through the development of self-awareness and self-esteem, they are better prepared to make informed choices and better equipped to face today's world, with its many challenges and continuing employment uncertainties.

Increasingly, Queen Victoria School pupils move on to Higher and Further Education, while others proceed directly to jobs in business or commerce, but the careers link with the three Services remains strong and it is a matter of fact that a considerable number of pupils go on to join the Armed Forces.

STATUS

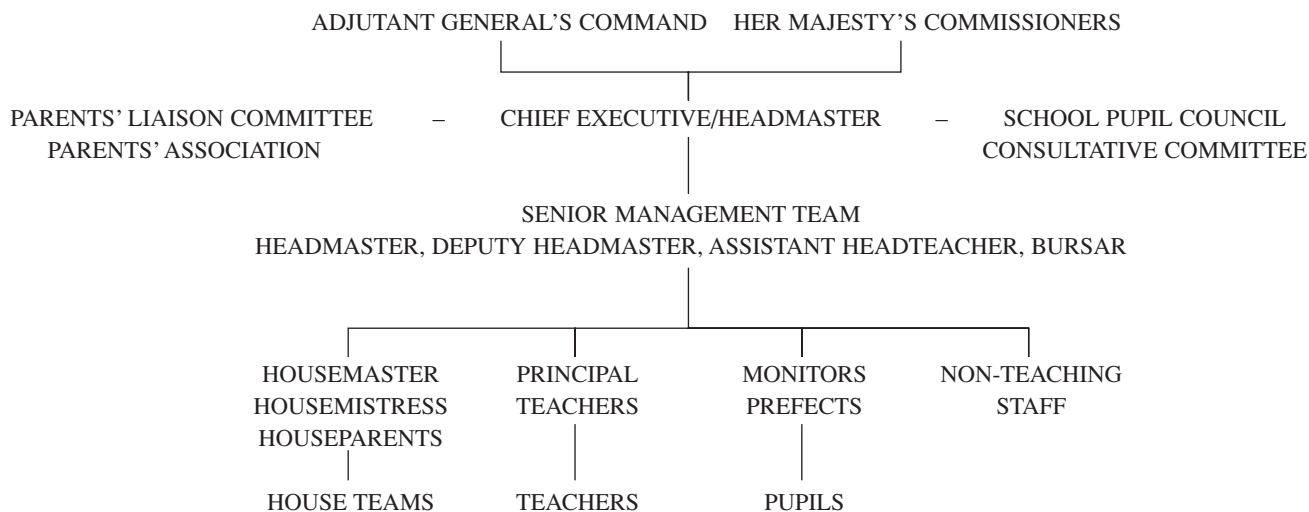
The School was given Agency status in April 1992 but ceased to be an Agency as from 1st April 2005 and operates within the scope of its Constitution of 1905 and Royal Warrant of 13 July 1992, and its Framework Document of 1992. It is registered as Independent.

The Headmaster, who is also the Chief Executive, is responsible to the Board of Her Majesty's Commissioners and, through the Board and the Adjutant General, to the Secretary of State for Defence.

Agency and School Structures

The operation of a boarding School, its lines of authority, the consultative process from top to bottom and vice versa cannot possibly be truly represented in diagrammatic form. Inevitably, there are overlapping jurisdictions and subtle complexities that are more to do with the interactive life of a Boarding School, but do not necessarily adversely affect the smooth running of the School.

The diagram below is a representation of the way authority levels were structured and the way in which the consultative process worked in the year of the accounts. Agency status was withdrawn with effect from 1 April 2005.



Extra-Curricular Activities - 2004/2005

The School provides the following extra-curricular opportunities:

Air Experience Flying	Indoor Hockey
Art / Drawing	Life-Saving
Athletics	Model Making
Badminton	Multi-Gym
Basketball	Needlework
Board Games	Piping
Bugling	Pottery
Camera Club	Rugby skills
Card games (traditional)	Sailing
CCF: RN, Army and RAF	Sculpture
Charity Fund-Raising	Ski-ing / Ski-racing
Choir	Social Dancing
Circuit Training	Squash
Community Service with Elderly	Swimming
Computing / Computer- Programming / Internet	Swimming with the disabled
Country Dancing	Tae Kwon Do
Cross Country	Target shooting
Debating	Theatre visits
Drama	Volleyball
Drumming	Wind-band
Duke of Edinburgh Award	Wind-surfing
Film Club	Woodwork / Metalwork
Football	Young Enterprise
Guitar tuition	
Golf	
Highland Dancing	
Hill-walking	
Hockey	

Personnel Matters and School Statistics 2004/2005

Queen Victoria School's Annual Stewardship Report for 2004/2005, which is available from the School, details all matters relating to personnel issues in the School. The report includes statistics relating to equal opportunities, performance and delivery, as well as training and development of all staff.

RECRUITMENT OF STAFF

All staff, with necessary exceptions, i.e. casual staff, are recruited under fair and open competition in accordance with the Civil Service Commissioners' Recruitment Code. Vacancies for teaching appointments are advertised in the national press and, depending on the vacancy, in the local press as well. The local press, Job Centres and the JOB Scheme are used for non-teaching appointments, depending on the grade of the vacant post. Recruitment to the School staff is on a replacement basis.

STAFF PERSONAL AND PROFESSIONAL DEVELOPMENT

The provision of training is a vital element of our on-going Human Resource Development. The School has its own system of staff development and review in place for all teachers, which results in them being interviewed and a review carried out on an annual basis by the Chief Executive/Headmaster. Teaching staff are trained on an on-going basis to update and, where necessary (e.g. Higher Still), re-train them for curriculum changes. MOD appraisal procedures are followed for other staff. Non-teaching staff's needs are assessed in line with the School's Training and Development Plan and suitable training is undertaken, not only to enable people to perform in their current roles, but also for their career development. All new staff take part in induction training which helps them to achieve a satisfactory performance in the shortest possible time. In turn, this ensures that they become effective contributors to the School.

INVESTORS IN PEOPLE (IIP)

The School gained recognition as an Investors in People organisation in December 1999, was re-accredited on 24th September 2001 but was put on hold following an assessment in March 2004. The School has been working towards re-accreditation; the assessment for this will take place in September 2005.

EQUAL OPPORTUNITIES (EO)

The School conforms to the Adjutant General's Civilian Equal Opportunities Plan. The School updates and publishes its own Equal Opportunities plan which is subject to annual review, revision and re-issue. An Equal Opportunities Policy Statement has been distributed to all staff. An on-going programme is in place to ensure that staff receive appropriate training.

STAFF PAY AND CONDITIONS OF SERVICE

Pay increases are implemented in accordance with national agreements reached, relevant to the particular grade. The terms and conditions under which all staff are appointed are set out in the MoD Personnel Manual.

PAY AND PERSONNEL COMPLIANCE AUDIT

Headquarters Adjutant General's Command carried out a compliance audit of the pay and personnel procedures in February 2004 and, overall, the School's management of pay and personnel was found to be in good working order.

PUPIL ROLL (AUGUST 2004)

Primary School Pupils:	11 - 12 years	34
Secondary School Pupils:	12 - 18 years	240
Total Pupil Roll 2004/2005		274
Total Pupil Roll 2003/2004		283

STAFF ROLL

Headmaster, Deputy Headmaster and Assistant Headteacher	3
Full-time Teachers	25
Part-time Teachers (including peripatetic music tutors)	13
Bursar and Non-Industrials	32
Industrials	15
Total Staff Roll 2004/2005	88

Over and above these staffing numbers, the following ancillary functions are carried out under contract:

Catering, Cleaning, Laundering, Tailoring, Shoe Repairs, Haircutting and Ground Maintenance.

Parents as Partners:

enhancing the role of parents in their children's education

The School recognises its obligation to meet the standards laid down in The Parents' Charter (1991), concerning the right of parents to expect quality of education for their children and comprehensive information about their school. The main areas of commitment are as follows:

1. PARENTAL RIGHTS AND RESPONSIBILITIES:

These are clearly specified by the School in the Certificate of Acceptance and detailed further in the Boarding School Arrangements for Parents.

2. PARENTS HAVE RIGHTS TO BE RESPECTED IN THEIR INTERACTION WITH THE SCHOOL:

- the right to information about their children's school. This is provided by: the Prospectus; the Boarding School Arrangements document; and, at least, termly informative letters to all parents.
- the right to information about their children's progress at School. This is provided by: at least twice-yearly School reports; at least two Parent/Teacher meetings per year; open access to Headmaster; Deputy Headmaster and Assistant Headteacher at all times.
- the right to have complaints and queries regarding their children's education dealt with sympathetically and quickly and, where appropriate, to have matters rectified. This is provided by direct access to the Headmaster, his Management Team, Housemaster, Housemistress or Houseparent at all times; and, indirectly, through the Parents' Liaison Committee and Parents' Association, who meet regularly with the Headmaster and his Management Team.
- the right to be consulted and have their views taken into account about the management of day to day School routine. This is provided by regular Parents' Liaison Committee meetings with the Headmaster, and Parents' Association meetings at least three times a year (with the Headmaster and his Management Team available for questions/information-giving sessions).

3. PARENTS CAN PARTICIPATE IN SCHOOL:

- by attending sporting and extra-curricular events; assisting with fund-raising activities; attending Parents' Association meetings; and being prepared to serve on the Parents' Liaison Committee.

4. PARENTS' ASSURANCE OF QUALITY:

- The Boarding School will be subject to twice-yearly Inspections by the Care Commission and to regular General Inspections by Her Majesty's Inspectors of Schools in Scotland.
- The School is registered as a Co-educational Independent School.
- In addition to the above, the School consults parents formally as to their views on the quality of both academic and pastoral provision.

Key Targets 2004/2005

PUPIL POPULATION

TARGET 1

To maintain the staying on rate at School for S4 to S5 at a minimum of 6% (previously 4%) above the Scottish National average.*

This target was **achieved** in that, over a three-year period, an average 85% of pupils stayed on from S4 to S5. The Scottish National average for 2004 was 66%.

EDUCATIONAL

TARGET 2

To maintain a percentage of the S4 roll gaining 5+ awards at level 5 or better (post-appeal) by the end of S4, at 5% (previously 2%) above the Scottish National average.*

This target was **achieved** in that, over a three-year period, an average 64% of the S4 roll gained 5+ awards at level 5 or better, by the end of S4. The Scottish National average for 2004 was 35%.

TARGET 3

To maintain a percentage of the S4 roll gaining 3+ awards at level 6 or better (post-appeal) by the end of S5, at 4% above (previously the same as) the Scottish National average.*

This target was **achieved** in that, over a three-year period, an average 51% of the S4 roll gained 3+ awards at level 6 or better, by the end of S5. The Scottish National average for 2004 was 23%.

FINANCIAL

TARGET 4

To achieve a pupil per capita cost of not more than £15,750 by 31 March 2005. The 2003/2004 target was £15,250.

This target was **achieved**. The pupil per capita cost was £14,686.

TARGET 5

To generate gross income to the School of at least £330,000 by 31 March 2005. The 2003/2004 target was £300,000.

This target was **achieved**. Gross income of £457,257 was generated.

*All Queen Victoria School statistics to be based on the School's results over the last 3 years, compared with the Scottish National average for the current year, those statistics being as published in the Scottish Executive Statistical Bulletin.

Summary of Key Target Achievements since 2002/2003

Key Target		2004/2005	2003/2004	2002/2003
Staying on Rate at School for S4 to S5 (performance based on a 3-year trend)	Target (%)	72	68	69
	Performance (%)	85	88	88
Percentage of S4 roll gaining 5+ awards at level 5 or better (post-appeal) by the end of S4 (performance based on a 3-year trend)	Target (%)	40	35	35
	Performance (%)	64	68	66
Percentage of S4 roll gaining 3+ awards at level 6 or better (post-appeal) by the end of S5 (performance based on a 3-year trend)	Target (%)	27	22	22
	Performance (%)	51	46	38
Pupil per Capita Cost	Target (£)	15,750	15,250	14,000
	Performance (£)	14,686	15,032	16,779
Generate Gross Income	Target (£)	330,000	300,000	295,000
	Performance (£)	457,257	424,189	381,027

NOTE:

All figures for years prior to 2004/2005 are as reported to Parliament for that year and have not been uplifted for inflation.

Queen Victoria School

The 2004/2005 Statement of Accounts

FOREWORD TO THE ACCOUNTS

- Introduction** 1. These accounts have been prepared on a historical cost basis as modified by the revaluation of fixed assets in accordance with a Direction dated 16 February 2005 given by the Treasury in pursuance of section 7(2) of the Government Resources and Accounts Act 2000.
- History** 2. Queen Victoria School was funded by public subscription in 1905, opened in 1908 and made available to the War Office to be maintained in perpetuity. The School was established as an Agency on 1 April 1992 and it ceased to be an Agency with effect from 1 April 2005.
- Principal Activities** 3. Queen Victoria School provides boarding education for the children of Scottish servicemen or women or those who have served on regular engagements in Scotland and aims to prepare them for entry to university, other higher or further education institutions, the Armed Services, professions, business or industry. The number of pupils at the beginning of the academic year 2004/2005 was 274.
- Financial Review** 4. Performance against Queen Victoria School's two financial key targets – Pupil per Capita Cost and Gross Income Generation – is detailed below. A review of performance against the other key targets – pupil population and education – is set out in the Annual Report. The net cost to the Department amounted to £4,247,000. Net assets at 31 March 2005 were £20,003,000.

Pupil per Capita Cost

- a) To achieve a pupil per capita cost of not more than £15,750 by 31 March 2005. The pupil per capita cost was £14,686. This target was, therefore, achieved.
- b) The pupil per capita cost was calculated exclusive of the interest charge on capital. As such, the pupil per capita cost of £14,686 was calculated by £4,247,000 Net Operating Cost minus £223,000 Interest Charge on Capital divided over 274 pupils.

Gross Income Generation

- c) To generate gross income to the School of at least £330,000 by 31 March 2005. Gross income generated in 2004/2005 was £457,257. This target was, therefore, achieved.
- d) This target encompasses parental contributions, letting of facilities and families' quarters rent.

- Management Board** 5. The School's governing body is the Board of Her Majesty's Commissioners who are responsible to the Secretary of State for Defence. Membership of the Board of Her Majesty's Commissioners during the year was as follows:

The Secretary of State for Scotland – President
D MacLehose Esq – Chairman
The General Officer Commanding Scotland
The Lord Justice Clerk

Major General J D MacDonald CB CBE DL (Retired December 2004)
Air Vice Marshal J Morris CBE BSc
Captain R A Smith RN
Dr P J Rycroft MA D.Phil
Sir Moray Stewart KCB D.Litt
W McD Moodie Esq CBE OStJ QPM DL
Miss P Scott CA
Rear Admiral N E Rankin CB CBE
H Stalker Esq
G Ingram (Appointed October 2004)
Sheriff S Waldron (Appointed October 2004)

Members of the Board of Her Majesty's Commissioners are appointed by the Secretary of State for Defence, their length of service laid down in the School's Royal Warrant. Members of the Board received no remuneration for their services.

The Chairman of the Board of Her Majesty's Commissioners is nominated by the members of the Board and appointed by the Secretary of State for Defence. The Chairman holds office for a term of three years and may be re-appointed for a second term of three years.

Senior Management Team 6. The School's Senior Management Team comprises the following:

Mr B Raine – Agency Chief Executive/Headmaster
Mr C Philson – Deputy Headmaster
Miss E J Smith – Assistant Headteacher
Mr J MacI Drysdale – Bursar

(See Note 2 of the accounts)

All members of the Senior Management Team were appointed through fair and open competition in accordance with Civil Service Rules. Their appointments are for an unstipulated period of time and can be terminated in accordance with the Civil Service Management Code. The Agency Chief Executive/Headmaster was appointed on 1 August 1994, the Deputy Headmaster on 26 May 1997, the Assistant Headteacher on 18 April 2002 and the Bursar on 1 May 2001.

Creditors 7. The School's policy is to aim to pay creditors within 30 days of receipt of goods and services or the presentation of a valid invoice or works certificate, whichever is the later. The School's creditors are paid either locally from a Departmental imprest account or by the Defence Bills Agency. In 2004/2005 the percentage of creditors paid locally within 30 days was 100%. The percentage of creditors paid nationally within 11 days by the Defence Bills Agency was 99.98%.

Policy on Equal Opportunities and Employment of Disabled Persons 8. Queen Victoria School is committed to, and operates, a policy of equal opportunity for all members of staff and applicants for appointment, irrespective of race, ethnic origin, physical or mental disability, gender, age, marital status, religious beliefs and sexual orientation. The School produces an Equal Opportunities Plan which, subject to review and re-issue annually, seeks to ensure that the School adheres firmly to both the spirit and letter of Ministry of Defence and Government policy on Equal Opportunities.

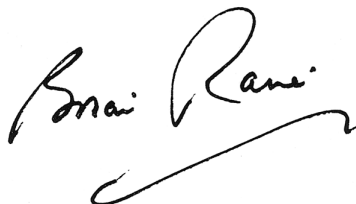
Development 9. A refurbishment of the School's Main Building, phased over 5 years, was completed in August 2004. This refurbishment covered the three original boarding houses in our Main Building (now reduced to two) and has made available more appropriate living and social accommodation.

Quinquennial Valuations

10. The Department carried out a professional valuation of the land and buildings assets at Queen Victoria School during the year ended 31 March 2005. The land and buildings valuations took effect from the balance sheet date.

Audit

11. The accounts are audited by the Comptroller and Auditor General in accordance with Section 7(3) of the Government Resources and Accounts Act 2000. The notional cost of external audit services provided for 2004/2005 was £18,000. No non-audit services were provided. Internal audit services are provided by the MoD's Defence Internal Audit.

A handwritten signature in black ink, appearing to read 'B Raine', with a long, sweeping underline that extends to the right.

B RAINE
Chief Executive and Headmaster
30 June 2005

Statement of the School's and Chief Executive's Responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000 the Treasury have directed Queen Victoria School to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction. The accounts are prepared on the accruals basis and must give a true and fair view of the School's state of affairs at the year-end and of its income and expenditure, recognised gains and losses and cash flow for the financial year.

In preparing the accounts, the School is required to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the School will continue in operation.

It has been agreed with HM Treasury that, although Chief Executives of Defence Agencies are not appointed Agency Accounting Officers, analogous arrangements will apply. These responsibilities, including responsibility for the propriety and regularity of the public finances for which the Chief Executive is answerable and for keeping of proper records, are set out in the Accounting Officer's Memorandum, issued by the Treasury and published in 'Government Accounting'.

Statement on Internal Control for Queen Victoria School

Scope of responsibility	<p>As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Queen Victoria School's policies, aims and objectives. The Permanent Under Secretary (PUS), as the Department's Principal Accounting Officer, is responsible for the overall organisation, management and staffing of the Department as a whole. I am accountable directly to the PUS for safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. In exercising this responsibility, I provide regular reports to the Adjutant General's Command as the Agency owner.</p>
The purpose of the system of internal control	<p>The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Queen Victoria School and the Department, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has continued to be reviewed and improved during the year, as reflected in the annual report and accounts, and has now been embedded in Queen Victoria School in accordance with Treasury guidance.</p>
Capacity to handle risk	<p>A central component of the way in which Queen Victoria School gives leadership to the risk management process is risk management planning, which aims to:</p> <ul style="list-style-type: none">• identify and prioritise risks through the maintenance of a risk register;• define the structures for the management and ownership of risk;• specify how new risks are to be identified, reported and incorporated into the risk management system; and• include other core management activities as integral parts of the Queen Victoria School risk planning and management process, where appropriate; and• define and develop ways in which the risk register and risk evaluation processes are used. <p>The Senior Management Team meets weekly to review and discuss all aspects of the risk register, as required.</p>
The risk control framework	<p>Queen Victoria School has the following structure and processes in place to identify, evaluate and control risk:</p> <ul style="list-style-type: none">• corporate governance of the School, as vested in the Board of Her Majesty's Commissioners (HMC), is exercised through general meetings of the Board held once in each School term and through the delegation of their functions to the General Purposes (Education & Finance) Committee, the Audit

Committee, the Admissions Committee, the Development Committee and the Trustees Committee. The Board considers the plans and strategic direction of the School in the light of advice from all of its committees, as appropriate, with due regard to the risks attached and the commensurate systems for sound internal control;

- the General Purposes (Education & Finance) Committee meets at least eight times in the year to ensure that the corporate overview of School activity is as robust as is reasonable in the face of changing legislation and regulation for the education of children attending the School, the propriety and regularity of the School's expenditure, and the discharge of other functions as may be delegated to the Accounting Officer by the Department. A regular review of the risk register at these meetings provides visibility of the risk management processes within the School;
- the School's Senior Management Team report regularly on the steps they are taking to identify and manage risks in their individual areas of responsibility, including progress reports on key activities and in-year financial reporting;
- the School's risk register is reviewed and updated regularly through weekly Senior Management Team meetings, with risk-ranking implemented and monitored according to the priorities set against key targets;
- the General Purposes (Education & Finance) Committee regularly reviews periodic and annual financial reports which indicate financial performance against budgets and forecasts as part of the overview and control of the School's comprehensive budgeting system with an annual budget agreed through the Department's resource allocation process;
- the Audit Committee is authorised to investigate any activity within its terms of reference and has expanded and strengthened its role in the light of recent shifts in regulation and legislation in order to increase the Committee's effectiveness in supporting the Accounting Officer and his responsibilities.

Review of effectiveness

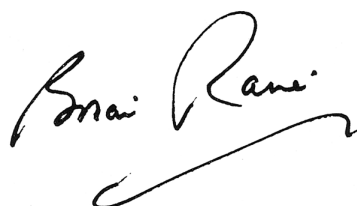
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors; the executive managers within Queen Victoria School, who have responsibility for the development and maintenance of the internal control framework; compliance audits by Headquarters Adjutant General's Command; and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Queen Victoria School is subject to audit by the MoD Defence Internal Audit (DIA), which operates to standards defined in the Government Internal Audit Manual. The work of the DIA is informed by an analysis of the risks to which the department as a whole is exposed, and annual audit plans are based on this analysis. Given the small size of Queen Victoria School, as an Agency, in relation to the Department, Queen Victoria School's system of internal control is not separately examined every year. During the year ended 31 March 2005, the DIA carried out 2 audits at Queen Victoria School; namely, the Independent Validation of Agency Performance against Key Targets for 2002/2003 and 2003/2004.

In addition, during the year ended 31 March 2005, the Adjutant General's Command carried out an Abuse of Authority compliance audit at Queen Victoria School.

Arrangements are in place to include all core management functions as integral parts of the risk planning and management process at Queen Victoria School and the reporting processes allow analysis and evaluation at all levels within the internal control system.

As a result of my review of the effectiveness of the system of internal control at Queen Victoria School, I am satisfied that these controls are working.

A handwritten signature in black ink, reading "Brian Raine". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

B RAINE
Chief Executive and Headmaster
30 June 2005

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements on pages 22 to 45 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 26 to 29.

Respective responsibilities of the School, the Chief Executive and Auditor

As described on page 16, the School and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and for ensuring the regularity of financial transactions. The School and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the School has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 17 to 19 reflects the School's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the School's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the School and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the School's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements

are free from material misstatement, whether caused by error, or by fraud or by other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of Queen Victoria School at 31 March 2005 and of the net operating cost, total recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



JOHN BOURN
Comptroller and Auditor General

7 July 2005

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

QUEEN VICTORIA SCHOOL

OPERATING COST STATEMENT for the year ended 31 March 2005

		2004/2005 £000s	2003/2004 £000s
OPERATING COSTS	Notes		
Staff Costs	2	2,395	2,357
Supplies and Services Consumed	3	220	222
Accommodation Costs	4	1,540	1,895
Other Administration Costs	5	346	211
Interest Charge on Capital	6	223	214
GROSS OPERATING COSTS		<u>4,724</u>	<u>4,899</u>
OPERATING INCOME			
Income from Non-Departmental Customers	7	(477)	(431)
NET OPERATING COST		<u>4,247</u>	<u>4,468</u>

All results arose from continuing operations.

The notes on pages 26 to 45 form part of these accounts

QUEEN VICTORIA SCHOOL

STATEMENT OF RECOGNISED GAINS AND LOSSES for the year ended 31 March 2005

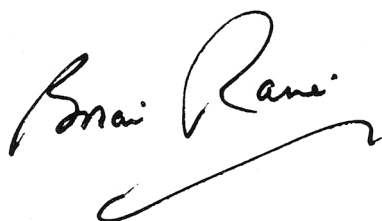
	Notes	2004/2005 £000s	2003/2004 £000s (Restated)
Net Gain on Revaluation of Tangible Fixed Assets	13 & 15	9,551	601
Additional Donation of Assets	15	-	35
Total Gains and Losses recognised since the last annual report		<u>9,551</u>	<u>636</u>

The notes on pages 26 to 45 form part of these accounts

QUEEN VICTORIA SCHOOL

BALANCE SHEET as at 31 March 2005

	Notes	31 March 2005 £000s	31 March 2004 £000s
FIXED ASSETS	12	19,958	10,201
CURRENT ASSETS			
Stock	1	296	276
Debtors and Prepayments	10	25	17
		<u>321</u>	<u>293</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	(276)	(289)
NET CURRENT ASSETS		45	4
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,003</u>	<u>10,205</u>
Revaluation Reserve	13	4,534	2,539
General Fund	14	3,992	3,645
GOVERNMENT FUNDS	16	8,526	6,184
Donated Asset Reserve	15	11,477	4,021
TOTAL TAXPAYERS' EQUITY		<u>20,003</u>	<u>10,205</u>



B RAINE
Chief Executive and Headmaster
30 June 2005

The notes on pages 26 to 45 form part of these accounts

QUEEN VICTORIA SCHOOL

CASH FLOW STATEMENT for the year ended 31 March 2005

	Notes	2004/2005		2003/2004	
		£000s	£000s	£000s	£000s
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	9		3,098		3,419
CAPITAL EXPENDITURE					
Purchase of Fixed Assets	12		122		291
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE			122		291
NET CASH OUTFLOW BEFORE FINANCING			3,220		3,710
FINANCING					
Payments on Defence Resource Accounts	8	(3,697)		(4,141)	
Receipts from Non-Departmental Customers	8		477		431
NET CASH INFLOW FROM FINANCING			(3,220)		(3,710)
INCREASE/DECREASE IN CASH			NIL		NIL

The notes on pages 26 to 45 form part of these accounts

Notes to the Accounts

1. Accounting Policies

A. Basis of Accounting

The accounts for Queen Victoria School have been prepared in accordance with the Resource Accounting Manual and the Accounts Direction issued by HM Treasury. These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current cost. The School ceased to be an Agency with effect from 1 April 2005 and these are the last agency accounts to be produced. The School continues within the budgetary structure of the Adjutant General's Command and the accounts have, therefore, been prepared on a going concern basis.

B. Value Added Tax

Queen Victoria School is not separately registered for Value Added Tax (VAT) as VAT is accounted for centrally by the Ministry of Defence (MoD). Figures in the Operating Cost Statement and the Balance Sheet are shown exclusive of VAT for certain contracted-out services where this is recoverable by MoD from Customs and Excise.

C. Income

Income comprises the invoiced value (excluding VAT) of services supplied to the private sector, the wider public sector and other Government departments. The funding of Queen Victoria School by the Department is shown in the Cash Flow Statement. No value is attributed in the accounts to services provided to the Department.

D. Notional Charges

i) Departmental Overhead Charges

Notional amounts are included in the Operating Cost Statement for charges in respect of services provided from other areas of the Department. The amounts so charged are calculated to reflect the full cost of providing these services to the School. The main services for which the charges are made are payment of bills, internal audit, vote accounting and personnel management.

ii) Interest Charge on Capital

A notional charge for interest on capital is included in the Operating Cost Statement. This is calculated at 3.5% on the average value of the total net assets (excluding donated assets).

Queen Victoria School has the following donated assets:

Queen Victoria School (Land)
Playing Fields
Main School Building
Chapel
Chaplain Study Centre
Swimming Pool
Hospital
Disinfector House
Gymnasium
Headmaster's House (Dwelling and Land)
Administration Officer's House (Dwelling and Land)
Duthieston House (Dwelling and Land)
Library
Sports Hall

Floodlighting
School Local Area Network
Close Circuit TV
Centenary Appeal Fund PCs
Laundry Facilities – Central, Cunningham House, Haig House, Trenchard House and Wavell House

These assets were built / purchased using non-public money raised from appeals or public subscription, or were donated from trusts. They were then made available to the MoD to be used within the School and maintained using public money voted each year.

iii) NAO Audit Fee

Queen Victoria School is not charged an audit fee by the National Audit Office. The audit fee of £18,000 represents the notional charge to the Operating Cost Statement based on the cost of the services provided. There is no remuneration for non-audit work.

E. Fixed Assets and Depreciation

i) Land and Buildings

a) MoD Estate is treated as an asset of Queen Victoria School although legal ownership rests with the Secretary of State for Defence. This reflects the School's position as the principal beneficial user of such property.

b) A full revaluation of land and buildings is conducted every 5 years. The Department carried out a professional valuation of the land and buildings assets at Queen Victoria School during the year ended 31 March 2005. The land and buildings valuations took effect from the balance sheet date (see Note 20). This valuation was part of the valuation of the whole of the Defence Estate.

c) The main basis of the valuation used was Depreciated Replacement Cost, although open market value was used if applicable.

d) Assets are revalued on an annual basis to comply with HM Treasury's Modified Historic Cost Accounting (MHCA) policy. MHCA expresses assets on an inflation-adjusted basis. Centrally supplied indices are used for each category of asset.

*ii) IT & Comms
Plant & Equipment*

a) Plant and equipment, including computers, is capitalised where the useful life exceeds two years and the cost of acquisition and installation exceeds £1,000.

b) Major items of plant and equipment are revalued annually in accordance with HM Treasury's requirement for modified historic cost accounting. This adjustment is made using industry specific indices if available or the MHCA indices provided by the Department.

iii) Donated Assets

a) Donated assets are capitalised at their current valuation on receipt, and are revalued/depreciated on the same basis as assets purchased using public funds. Depreciation on donated assets is matched by an equivalent transfer from the Donated Asset Reserve. Donated assets do not attract an interest charge on capital.

b) Certain buildings donated to Queen Victoria School contain elements that are attributable to publicly-funded enhancements – elements that were not donated. Where this is the case, the element that was not donated has been treated as a separate publicly-funded asset.

c) Buildings donated to Queen Victoria School before 1921 are shown within the General Fund. Whilst this has no bearing on the legal position regarding ownership of these assets – they are still recognised as having been donated –

for accounting purposes the original donations are treated as fully depreciated and their current net book value attributed wholly to subsequent publicly-funded expenditure.

d) No donor has imposed restrictions on the use of donated assets.

iv) Depreciation

a) Freehold land is not depreciated.

b) Depreciation on buildings, computers, plant and equipment is calculated to write-off the cost or value by equal instalments over the assets' estimated useful lives. Asset lives are periodically reviewed for technological obsolescence.

Asset Category	Estimated Useful Life
Permanent Buildings	10 to 40 years
Light and Temporary Buildings	5 to 20 years
Plant and Equipment	10 to 15 years
Computers	5 to 10 years

v) Gains & Losses

a) The net gain on revaluation of tangible fixed assets is £9,551,000 and has been taken to the Revaluation Reserve.

b) Permanent diminution is £12,000 and has been taken to the Operating Cost Statement. However, this has been offset by £3,000 from the Donated Asset Reserve, leaving a net charge to the Operating Cost Statement of £9,000.

c) Reversal of permanent diminution in previous years has resulted in a £612,000 credit to the Operating Cost Statement.

vi) Quinquennial Valuations

The Department carried out a professional valuation of the land and buildings assets at Queen Victoria School during the year ended 31 March 2005. The land and buildings valuations took effect from the balance sheet date (see Note 20).

F. Stock

Stock consists solely of clothing. New clothing held in store is valued at 100% of its current replacement cost. Clothing that has been issued and subsequently returned to shelf is valued at 50% of its current replacement cost for the remainder of its useful life. The current stock on hand is £296,082 (£276,093 for 2003/2004).

G. Operating Leases

Operating leases are charged to the Income and Expenditure Account in equal annual amounts over the lease term. No finance leases are currently held by Queen Victoria School.

H. Pension Costs

Civilian employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) while Teachers are covered by the Scottish Teachers' Superannuation Scheme (STSS). Nurses are covered by the National Health Service Superannuation Scheme (NHSSS). The Agency recognises the cost of providing pensions on a systematic basis over the period during which it benefits from employees' services by making regular payments of Accruing Superannuation Liability Charge (ASLC) into the above schemes at rates determined by the Government Actuary. Liability for payment of future pension benefits to members is a charge on the schemes and not a liability of the Department. In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

I. Reserves

Taxpayers' equity comprises the General Fund, Revaluation Reserve and Donated Asset Reserve. The General Fund represents the total net assets of the

Agency to the extent that they are not represented by other reserves. Net funding from HM Treasury and realised gains and losses are reflected in the General Fund. The Revaluation Reserve represents the unrealised element of the cumulative balance of revaluation and indexation adjustments to fixed assets.

J. Cash Balances and Liabilities

Apart from minor transactions through a local imprest account, which is cleared to a nil balance at the balance sheet date, the Agency does not pay or receive money on its own account. Whilst the majority of cash payments are made by the Ministry of Defence's central accounting organisations on behalf of the Agency, all receipts are collected locally. All transactions, both locally and centrally processed, are brought to account by the Ministry of Defence in the Departmental Resource Account and are disclosed in aggregate in the Cash Flow Statement.

As the Ministry of Defence charges the Agency during the year with the gross payments, inclusive of PAYE and National Insurance contributions, due to Agency employees, the Department is responsible for the payment of any liabilities which may be due to the Inland Revenue or Department for Work and Pensions at the balance sheet date, and these are not disclosed in the Agency's balance sheet.

2. Staff Costs and Numbers

i) Staff Numbers

The average numbers of full-time equivalent staff employed during 2004/2005 were:

	2004/2005	2003/2004
Senior Management	4	4
Teaching Staff	29	34
Other Staff	41	41
	<u>74</u>	<u>79</u>

ii) Staff Costs

	2004/2005 £000s	2003/2004 £000s
Salaries, Wages and Allowances	2,002	1,995
Social Security Costs	159	161
Pension Costs	234	201
	<u>2,395</u>	<u>2,357</u>

'Salaries, Wages and Allowances' include gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

iii) Senior Staff Pay and Allowances

The salary and pension entitlements of the most senior members of the Queen Victoria School are disclosed in the following table:

	Salary including performance pay 2004/2005 and 2003/2004	Benefits in kind (to nearest £100)	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31-Mar-05 and related lump sum	CETV at 31-Mar-04	CETV at 31-Mar-05	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£000s	£	£000s	£000s	£000s	£000s	£000s
Mr B Raine	60 – 65 (60 – 65)	-	0 – 2.5 plus 2.5 – 5 lump sum	25 – 30 plus 85 – 90 lump sum	495	540	19
Mr C Philson	50 – 55 (50 – 55)	-	0 – 2.5 plus 2.5 – 5 lump sum	10 – 15 plus 40 – 45 lump sum	201	225	12
Miss E J Smith	50 – 55 (50 – 55)	-	0 – 2.5 plus 0.5 – 2.5 lump sum	20 – 25 plus 60 – 65 lump sum	287	312	10
Mr J M Drysdale	40 – 45 (35 – 40)	-	0 – 2.5 plus 0.5 – 2.5 lump sum	0 – 2.5 plus 5 – 10 lump sum	26	37	9

The current Chief Executive is a member of the Scottish Teachers' Superannuation Scheme (STSS).

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

No member of the Board of Her Majesty's Commissioners received emoluments during 2004/2005.

iv) Pension

Staff are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the Scottish Teachers' Superannuation Scheme (STSS) and the National Health Service Superannuation Scheme (NHSSS). Contributions are payable to the Paymaster General at rates determined by the Government Actuary and advised by HM Treasury. These contributions were charged to the Agency as a cash cost for the period of these accounts. For 2004/2005 the rates for each class of member of each scheme were as follows:

Scheme	Class of Member	%
PCSPS	Non-Industrial Staff	12.0-16.5
PCSPS	Industrial Staff	12.0
STSS	Teaching Staff	12.5
NHSSS	Nursing Staff	14.0

The PCSPS, STSS and NHSSS are unfunded multi-employer defined benefit schemes but Queen Victoria School is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out for the PCSPS as at 31 March 2003, for the STSS as at 31 March 1996 and for the NHSSS as at 31 March 1994.

For 2004/2005, employer's contributions of £234,000 were payable to these benefit schemes (£201,000 for 2003/2004) at rates in the range 12.0 to 16.5 per cent of pensionable pay.

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The STSS and NHSSS are administered and regulated by the Scottish Public Pensions Agency (www.scotland.gov.uk/sppa) – an Executive Agency of the Scottish Executive. The STSS rate of 12.5% has remained the same. The NHSSS rate increased to 14.0% with effect from 1 April 2004. Employer contributions for both schemes are to be reviewed every five years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the schemes.

Pension benefits are provided through the Civil Service Pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). No employees had opted to open a partnership pension account as at 31 March 2005.

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk

Columns 5 & 6 of the above table show the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003/2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

3. Supplies and Services Consumed

	2004/2005 £000s	2003/2004 £000s
Departmental Stores and Services	19	27
External Stores and Services	137	91
Write-back of Part-worn Stock/Movement in Stock	(126)	(91)
Civilian Management Costs	102	59
Departmental HQ Costs	88	136
	<u>220</u>	<u>222</u>

4. Accommodation Costs

	2004/2005 £000s	2003/2004 £000s
Accommodation and Works	903	781
Heat, Light and Water	230	188
Catering (Multi-Activity Contract)	234	210
Catering (Lettings)	39	38
Messing	178	185
Cleaning and Cleaning Allowance	98	72
Clothing, Laundry and Tailoring	63	57
Depreciation on all Buildings	416	374
Reversal of Permanent Diminution on all Buildings	(612)	-
Non-Domestic Rates and Council Tax	24	22
Depreciation related to Donated Buildings	(40)	(39)
Operating Lease Charges for Plant & Machinery and Transport – Other	7	7
	<u>1,540</u>	<u>1,895</u>

5. Other Administration Costs

	2004/2005 £000s	2003/2004 £000s
Travel and Subsistence	11	27
Computers and Office Machinery	36	29
Books, Publications and Office Supplies & Stores	99	19
Hospitality	12	7
Education and Training Expenses	19	13
Depreciation related to Equipment and Computers	53	45
Permanent Diminution on IT & Comms, Plant & Machinery and Transport – Other	12	7
Defence Estates Services	3	3
NAO Audit Fee	18	17
Recruitment and Advertising	6	5
Printing	11	-
Professional Fees	33	31
Telephone and Postage	32	21
Debt Write-off / Increase/Decrease in Debt Provisions	5	2
Lease of Vehicles	14	-
Depreciation related to Donated Equipment and Computers	(15)	(13)
Release from Donated Asset Reserve related to IT & Comms, Plant & Machinery and Transport – Other	(3)	(2)
	346	211

6. Notional Charges and Non-Cash Costs

	2004/2005		2003/2004	
	£000s	£000s	£000s	£000s
Notional Charges				
Supplies and Services Consumed:				
Civilian Management Costs	102		59	
Departmental HQ Costs	88		136	
Write-back of Part-worn Stock	(126)		(91)	
Medical Supplies	7		2	
	<u>71</u>		<u>106</u>	
Accommodation Costs:				
Messing	178		185	
Regional Prime Contracting Scotland	820		312	
	<u>998</u>		<u>497</u>	
Other Administration Costs:				
Defence Estates Services	3		3	
Audit Fee	18		17	
	<u>21</u>		<u>20</u>	
		1,090		623
Non-Cash Costs				
Supplies and Services Consumed:				
Clothing	14		25	
Other Administration Costs:				
Bad Debts - Write-offs and/or Movements to Provision	5		2	
Interest Charge on Capital:	<u>223</u>		<u>214</u>	
		242		241
		<u>1,332</u>		<u>864</u>

7. Income

Income represents the invoiced value, excluding VAT, of services provided during the year to customers outside the Department. The sources of income, all of which were Appropriated-in-Aid, consisted of:

	2004/2005		2003/2004	
	£000s	£000s	£000s	£000s
Parental Contributions	282		264	
Rents and Letting of Facilities	175		160	
	<hr/>		<hr/>	
Sub Total of Income Generation		457		424
Telephone Income	1		-	
Miscellaneous Income	19		7	
	<hr/>		<hr/>	
Sub Total of Other Income		20		7
		<hr/>		<hr/>
		477		431
		<hr/>		<hr/>

The School provides only one activity; therefore, no segmental analysis is required for SSAP 25. As the full charge levied by the School for services provided is less than £1million, the additional disclosure requirements of the Treasury Fees and Charges Guide are not required.

8. Analysis of Net Payments on Defence Resource Accounts

		2004/2005		2003/2004	
		£000s	£000s	£000s	£000s
	Notes				
Gross Operating Costs		4,724		4,899	
Notional Charges and Non-Cash Costs	6	(1,332)		(864)	
Depreciation and Permanent Diminution	9	142		(372)	
		—		—	
Total Cash Expenditure		3,534		3,663	
Total Asset Expenditure	12	122		291	
Total Movement in Net Current Assets	9	41		187	
		—		—	
Payments on Defence Resource Accounts			3,697		4,141
Receipts from Non-Departmental Customers			(477)		(431)
			—		—
			<u>3,220</u>		<u>3,710</u>

9. Reconciliation of Operating Cost Statement to Net Cash Outflow from Operating Activities

		2004/2005		2003/2004	
		£000s	£000s	£000s	£000s
	Notes				
OPERATING COST (from the Operating Cost Statement)			4,247		4,468
Adjustments for Items not involving the Movement of Funds:					
Depreciation		458		419	
Permanent Diminution on Revalued Assets		9		7	
Reversal of Permanent Diminution on all Buildings		(612)		-	
Loss on Disposal of Assets		-		-	
Depreciation/Permanent Diminution on Donated Assets		3		(54)	
			142		(372)
Notional Charges and Non-Cash Costs:					
Notional Charges	6	1,090		623	
Non-Cash Costs	6	242		241	
			(1,332)		(864)
Movements in Net Current Assets:					
Increase/(Decrease) in Stocks		20		24	
Increase/(Decrease) in Debtors		8		(77)	
Decrease/(Increase) in Creditors		13		240	
			41		187
NET CASH OUTFLOW FROM OPERATING ACTIVITIES			<u>3,098</u>		<u>3,419</u>

10. Debtors

	31 March 2005 £000s	31 March 2004 £000s
Prepayments due in 1 year	14	3
Prepayments due in more than 1 year	6	8
Other Debtors and Accrued Income	8	12
Provision for Bad Debts	(3)	(6)
	<u>25</u>	<u>17</u>

During the financial year 2004/2005, the MoD accounted for VAT centrally and, therefore, the 2004/2005 balance has been included in the MoD Resource Account. This will have no effect on the Operating Cost Statement for the year (see Note 1B).

There were no balances in respect of Trading Funds, Other Government Departments, Local Authorities, National Health Trusts and Other Related Parties.

11. Creditors: amounts falling due within 1 year

	31 March 2005 £000s	31 March 2004 £000s
Sundry Creditors	69	24
Accruals and Deferred Income	207	265
	<u>276</u>	<u>289</u>

There were no balances in respect of Trading Funds, Other Government Departments, Local Authorities, National Health Trusts and Other Related Parties.

12. Fixed Assets

	Land – Dwellings	Donated Land – Dwellings	Donated Land – Non-Dwellings	General Fund Buildings			
				General Fund Buildings purchased with public funds – Dwellings	General Fund Buildings purchased with public funds – Non-Dwellings	General Fund Buildings originally purchased with donated funds – Dwellings	General Fund Buildings originally purchased with donated funds – Non-Dwellings
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost/Valuation: At 1 April 2004	21	93	2,727	2,769	1,868	1,787	220
Additions	-	-	-	-	1	-	-
Disposals	-	-	-	-	-	-	-
Surplus/Deficit on Revaluation	1	45	7,065	1,016	831	1,294	182
Transfers	-	-	-	-	(55)	-	-
Reclassifications	-	-	-	-	(49)	-	-
At 31 March 2005	22	138	9,792	3,785	2,596	3,081	402
Depreciation: At 1 April 2004	-	-	-	(200)	(219)	(214)	(43)
Charge for the Year	-	-	-	(104)	(113)	(127)	(22)
Disposals	-	-	-	-	-	-	-
Surplus/Deficit on Revaluation	-	-	-	(621)	(272)	(280)	(127)
Permanent Diminution	-	-	-	-	-	-	-
Reversal of Permanent Diminution	-	-	-	484	52	5	71
Transfers	-	-	-	-	9	-	-
Reclassifications	-	-	-	-	16	-	-
At 31 March 2005	-	-	-	(441)	(527)	(616)	(121)
Net Book Value: At 1 April 2004	21	93	2,727	2,569	1,649	1,573	177
At 31 March 2005	22	138	9,792	3,344	2,069	2,465	281

Donated Asset Reserve Buildings								
Donated Buildings – Dwellings	Donated Buildings – Non-Dwellings	Assets under Construction	IT & Comms	Donated IT & Comms	Plant & Machinery	Donated Plant & Machinery	Transport – Other	Total
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
147	1,060	-	162	50	78	52	53	11,087
-	-	-	108	-	13	-	-	122
-	-	-	-	-	-	-	-	-
262	190	-	(12)	(5)	1	1	1	10,872
-	-	-	-	-	-	-	-	(55)
-	-	-	-	-	75	-	(26)	-
409	1,250	-	258	45	167	53	28	22,026
(12)	(66)	-	(55)	(20)	(13)	(8)	(36)	(886)
(6)	(34)	-	(22)	(7)	(8)	(8)	(7)	(458)
-	-	-	-	-	-	-	-	-
(31)	(18)	-	12	5	-	-	(1)	(1,333)
-	-	-	(9)	(3)	-	-	-	(12)
-	-	-	-	-	-	-	-	612
-	-	-	-	-	-	-	-	9
-	-	-	-	-	(32)	-	16	-
(49)	(118)	-	(74)	(25)	(53)	(16)	(28)	(2,068)
135	994	-	107	30	65	44	17	10,201
360	1,132	-	184	20	114	37	-	19,958

12. Fixed Assets (cont...)

Fixed Assets Additions Reconciliation

	2004/2005	
	£000s	£000s
Assets purchased with public funds:		
Buildings – Non-dwellings	1	
IT & comms	108	
Plant & machinery	13	
		122 (see Cash Flow Statement)

13. Revaluation Reserve

	Notes	2004/2005 £000s	2003/2004 £000s (Restated)
Revaluation Reserve brought forward		2,539	2,352
In-Year Revaluation	12	2,037	187
Transfers to General Fund		(42)	-
Revaluation Reserve carried forward		<u>4,534</u>	<u>2,539</u>

14. General Fund

	Notes	2004/2005 £000s	2003/2004 £000s
General Fund brought forward		3,645	3,539
Net Cash Outflow before financing	8	3,220	3,710
Notional Charges and Non-Cash Costs	6	1,332	864
		<u>8,197</u>	<u>8,113</u>
Operating Cost		(4,247)	(4,468)
Transfer from Revaluation Reserve		42	-
General Fund carried forward		<u>3,992</u>	<u>3,645</u>

15. Donated Asset Reserve

		2004/2005 £000s	2003/2004 £000s
	Notes		
Donated Asset Reserve brought forward		4,021	3,626
Additional Donation of Assets	12	-	35
In-Year Revaluation	12	7,514	414
Depreciation Charged In-Year	12	(55)	(52)
Permanent Diminution	12	(3)	(2)
Donated Asset Reserve carried forward		<u>11,477</u>	<u>4,021</u>

16. Reconciliation of Movements in Government Funds

	2004/2005 £000s	2003/2004 £000s
Government Funds brought forward	6,184	5,891
Movement on General Fund	347	106
Movement on Revaluation Reserve	1,995	187
Government Funds at 31 March 2005	<u>8,526</u>	<u>6,184</u>

17. Contingent Liabilities

The School had no contingent liabilities as at 31 March 2005.

18. Capital Commitments

There were no capital commitments as at 31 March 2005 (£1,000 as at 31 March 2004).

19. Commitments under Operating Leases

Queen Victoria School's commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires:

	2004/2005		2003/2004	
	£000s	£000s	£000s	£000s
Land and Buildings:				
Expiry within 1 year	-		-	
Expiry within 2 to 5 years	-		-	
Expiry thereafter	-		-	
	<hr/>		<hr/>	
Sub Total of Land and Buildings		-		-
Other:				
Expiry within 1 year	4		1	
Expiry within 2 to 5 years	-		3	
Expiry thereafter	-		-	
	<hr/>		<hr/>	
Sub Total of Other		4		4
		<hr/>		<hr/>
		4		4
		<hr/>		<hr/>

20. Quinquennial Valuations

a) In accordance with the accounting policy and in compliance with the Treasury's *Resource Accounting Manual*, the Department carried out a professional valuation of the land and buildings assets at Queen Victoria School during the year ended 31 March 2005. The land and buildings valuations took effect from the balance sheet date.

b) The results of the professional valuation were validated by the Department in consultation with the professional valuers, Headquarters Adjutant General's Command and Queen Victoria School prior to being incorporated into the fixed asset register.

21. Post Balance Sheet Events

Other than the end of Queen Victoria School's agency status (as disclosed in Note 1A), there have been no events since the end of the financial year that would affect the understanding of the accounts.

22. Financial Instruments

FRS13 Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way in which Government agencies are financed, Queen Victoria School is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing than would be typical of the listed companies to which FRS13 mainly applies.

Liquidity risk

The Agency's revenue and capital resource requirements are voted annually by Parliament and are therefore not exposed to significant liquidity risk

Interest rate risk

All the Agency's financial assets and liabilities carry no interest.

Foreign currency risk

The Agency does not transact in foreign currencies on its own behalf and is therefore not exposed to foreign currency risk

Fair values

Financial assets. The Agency has no financial assets other than short term debtors which do not require disclosure.

Financial liabilities. The fair value of the provision approximates to the book value. The Agency has no other financial liabilities other than short-term creditors which do not require disclosure.

23. Related Party Transactions

Queen Victoria School is an Executive Agency of the Ministry of Defence, which is regarded as a related party. During the year the School has had various material transactions with the Department, including a number of notional charges which are explained in Note 1D to the accounts. During the year none of the Board members, members of the key management staff or other related parties have undertaken any material transactions with the School.

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