

**MICHAEL HALL SCHOOL**

**Trustees Report**

**and Financial Statements**

for the year ended 31 July 2018

**Registered Charity Number 307006**

# **MICHAEL HALL SCHOOL**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

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# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustee

The sole trustee of the charity is a company limited by guarantee, Michael Hall School Limited, company number 539034. The directors of this company are the Council of Trustees of the charity for charity law purposes and are set out below:

A Scott	(Independent, Chair)
S Barker	(Parent – resigned 27.03.18)
W Forward	(Teacher)
S Gillman	(Teacher – resigned 20.03.18)
F Goodwin	(Independent – resigned 10.05.18)
K Hagenbach	(Independent)
H Hebrank	(Parent)
V King	(Teacher)
S Rafferty	(Parent)

The Association members are the guarantors of the trustee company and hold the right to appoint or remove members of the Council of Trustees. No person may be appointed as a member unless they are an Association member.

### Management

The trustees delegate the day to day management of the school to committees comprised of members of staff.

### Key management personnel during the year

S Barker	Chair of Management (resigned Mar 18)
M Fielding	Early Years Faculty Chair
S Grimshaw	Upper School Faculty Chair
E Hawker	College of Teachers Co-Chair
H Howlett	College of Teachers Co-Chair
J Morris-Brown	Education Co-ordinator (resigned Jan 18)
D Skinner	Director of Operations
V Westlake	Lower School Faculty Chair
K Whiley	School Bursar

### Principal office

Kidbrooke Park  
Priory Road  
Forest Row  
East Sussex  
RH18 5JA

### Charity registered number

307006

### Auditors

Blue Spire Limited  
Cawley Priory  
South Pallant  
Chichester  
West Sussex  
PO19 1SY

### Solicitors

Stevensdrake	Penningtons Manches
117-119 High Street	31 Chertsey Street
Crawley	Guildford
West Sussex	Surrey
RH10 1DD	GU1 4HD

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

HSBC  
38 London Road  
East Grinstead  
West Sussex  
RH19 1AB

Barclays Bank Plc  
18 Southgate Street  
Gloucester  
GL1 2DH

Triodos Bank  
Brunel House  
11 The Promenade  
Bristol  
BS8 3NN

# **MICHAEL HALL SCHOOL**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## **REPORT OF THE TRUSTEE**

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The trustee has pleasure in presenting its annual report for the purposes of the Charities Act 2011, together with the accounts for the year ended 31 July 2018. The trustee has adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Michael Hall School is a registered charity constituted as an unincorporated association under a trust deed dated 21 January 1925 and the Memorandum and Articles of Association of the trustee company dated 25 September 1954 as revised.

It is controlled by the Council of Trustees whose members are appointed or removed by Association of Trust Members and are trustees for the purposes of charity law.

Independent and parent trustees hold portfolio responsibilities that map onto the School Inspection Service standards that came into effect on January 2015.

New trustees are selected based on the contribution that they will make to the governance of the organisation and their relevant knowledge and skills. They are provided with copies of the Charity Commission's guidance to trustees and given an introduction to the activities of the charity by the existing Board. Existing trustees are provided with training as and when required. The Trustees are aware that there is a simple induction process which incorporates online training in various relevant areas including Health and Safety, Safer Recruitment, Safeguarding, and Child Protection.

In March this year, the management and leadership roles were redesigned, and appointments made. The School now has a Director of Operations, and reporting to that role are the Bursar, Compliance Officer, Faculty Chairs for Early Years, Lower School and Upper School, and the Special Educational Needs Co-ordinator. Together they comprise the School's Education Management Team (EMT).

The reasons for this management and leadership structure change was to increase the focus on meeting regulatory standards and the School's development.

The School is a member school of the Steiner Waldorf Schools Fellowship (SWSF), which has a code of conduct and has recommendations for policies and procedures. The school is also a member of the Independent Schools Bursars Association (ISBA) which has an extensive policy and compliance library.

#### **Pay Setting**

The March 2018 management restructure created two new senior roles - Director of Operations and Bursar. As an interim method, ahead of a general review of how salaries are set for all staff at the School, a sub-committee of the Council of Trustees used the Local Government Single Status Job Evaluation framework to set the salaries for these senior role holders. We set the Director of Operations role as the benchmark salary and used the framework to score both roles.

#### **Risk Management**

The trustees have assessed the significant risks to which the charity is exposed, in particular, those relating to the specific operational areas of the charity and its finances, and maintains a risk register to monitor and manage those risks effectively. The risk register is regularly updated and reviewed at least annually. The trustees believe that by monitoring reserve levels, ensuring controls exist over critical financial systems, and by examining the operational and business risks faced by the charity, they have an effective system in place to mitigate those risks.

### **OBJECTIVES AND ACTIVITIES**

The charity's objectives are:

"To provide for and conduct the education of children in accordance with Steiner Waldorf educational principles."

# **MICHAEL HALL SCHOOL**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## **REPORT OF THE TRUSTEE**

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It pursues these objects by the administering of Michael Hall School at its premises in Forest Row, East Sussex. In doing so it provides education to and attends to the welfare of children in the school whilst maintaining and improving the school's premises and grounds.

In determining how best to pursue these objects the trustees have had regard to the Charity Commission's guidance on public benefit.

The charity offers educational schooling from children from 3 years through to 18 and fees from this represent over 90% of the charities income. The curriculum is delivered with age appropriate awareness that takes into account the cycles and rhythm of natural child development. The school offers an extensive fee assistance programme based on a means tested method and during the course of this academic year approximately 115 children have benefited from this.

The aim of the school is through a truly holistic education, to provide the students will skills and a passion for lifelong learning that promotes confidence and encourages well rounded and creative individuals.

The strategies for achieving aims and objectives are documented in the School Improvement Plan and provide for continual assessment and development of efficiency and effectiveness.

The Trustees are confident that the short term objectives to maintain a good standard of education are met within the School Improvement Plan and that longer term objectives require an asset restructuring plan which is in process. Key performance indicators and budgets are regularly monitored.

### **ACHIEVEMENTS AND PERFORMANCE**

A new system arose from that work in 2017 to assist in promoting cohesive, well informed decision making and to allow members across the school community to take initiatives through a 5 step process; The Renewal System. This was piloted in the Autumn Term 2017 and will now form part of the regular working for the School. It aims to address not only decision making but to improve communication and clarity, promote ownership and accountability and allows those with energy and passion for a project to see it through to completion, operating in line with school policies, processes and wider legislation.

Since January 2018 a new way of working based on Holocracy was trialled by the Trustees and the Education Management Team (EMT). However it was not felt that the system could be implemented cost effectively or in a suitable time frame.

In March 2018 Davina Skinner was appointed as Director of Operations to oversee the running of the school as an organisation; working with the Education Management Team. Additional members were immediately added to the team; Bursar & Compliance Officer - full time management roles. Since March 2018 reviews of process and practice have been undertaken and will be ongoing, in order to establish weaknesses, identify improvements required and associated actions and then incorporate those into action plans.

The Education Management Team (EMT) are:

- Kindergarten/ Early Years Manager - Mark Fielding
- Lower School Faculty Chair - Virginia Westlake
- Upper School Faculty Chair - Alastair Burt
- SENCo - Anita Hempenius
- Bursar - Karen Whiley
- Compliance Officer - Cecille Monks
- College Chairs - Emmeline Hawker & Henry Howlett

EMT are committed to raising levels of professionalism across the school, improving on standards and consistency and improving communication and transparency. This is a significant period of change and the challenge is not small, however there is a noticeable atmosphere growing within the school to support positive change. The recently expanded EMT are leading this.

### **Staff Numbers**

Staff numbers have increased during 2017-18 to 140 employees (2016-7, 121 employees), not all of whom are full time.

# **MICHAEL HALL SCHOOL**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## **REPORT OF THE TRUSTEE**

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Teaching staff have their loading calculated using a common loading calculation which has been in place for a number of years. This is being reviewed with a possible change being implemented in the academic year 2019-20.

### **Pupil Numbers**

Pupil numbers have remained constant during 2017-18 but the Education Management Team are aware that a concerted effort must be focused in this area during 2018-19 to help retain and grow these numbers further as the school continues its commitment to pupil retention and attraction.

### **Estate and Buildings**

Work continued with electrical works including emergency lighting to all buildings and fire safety equipment which had been highlighted in a recent Fire Safety inspection carried out in December 2017.

Planned work to The Clockhouse was finalised and drawings made so that work could commence on getting the ground floor useable. Work started on this during the Summer Holidays and will continue throughout the academic year 2018/19 with a scheduled finishing date of Summer 2018.

### **Public Benefit**

Michael Hall aims to make the school accessible to families on a wide range of incomes, and achieves this primarily through its fee assistance programme. The programme is means-tested, open to all including new applicants to the school (subject to eligibility criteria points being met), and the sole criterion for assistance is the ability to pay. The means test methodology and the formula used to assess fee levels are made public to ensure objectivity and transparency. In 2017-18, 115 pupils (68 families) were benefiting from means-tested fee assistance. As well as its annual fee assistance programme, the school also operates a formal emergency fee assistance programme for families who experience a sudden change in financial circumstances during the course of the school year.

## **FUNDRAISING STANDARDS**

Michael Hall does not currently fundraise using the General Public other than asking for one off donations at small school events. We do not liaise with 3<sup>rd</sup> party fundraisers and feel that we protect any vulnerable parties.

## **FINANCIAL REVIEW**

During the year under review the school is reporting net income of £423,516 inclusive of a gain on investments of £21,973 (2017: £55,370) and a net credit on the movement of the pension deficit provision of £328,924 giving an operating surplus of £72,619.

The school holds investments within the general, designated and endowment funds in a mixture of managed funds and equities. Investments are held to provide income to support the school's operating expenses.

As at 31 July 2018, the charity's total reserves amounted to £5,347,002 of which £912,168 is held within endowment funds with a further £9,507 restricted leaving unrestricted funds of £4,425,327. Within unrestricted funds are designated amounts totalling £137,870 with funds represented by fixed assets amounting to £6,969,421 and a pension deficit position of £3,265,783 giving a reserves position of £583,819. The trustees consider that the charity should hold positive reserves equivalent to three months operating costs (estimated at £750,000) in order to ensure the on going delivery of its charitable objects during an unforeseen downturn in income. There is currently an additional need to accumulate reserves in order to provide for the future development of the charity's facilities and the trustees estimate that a sum of £1,000,000 may be required. They consider that the current level of reserves is below that required and that the charity should aim to generate sufficient surpluses over the next 5-10 years to build the reserves to the required level. Consideration is being given to the disposal of the assets under construction following completion which is expected to create a gain which will improve the school's reserve position towards the desired level.

The school's principal funding source continues to be income generated by school fees. Expenditure continues to be on teaching and support costs for the provision of education to those pupils.

## **PLANS FOR FUTURE PERIODS**

The Board of the Trustee is in the process of formulating a 3-5 year strategy for the School. This strategy will update the School's purpose, aims, objectives and vision, marketing strategy and plan, pupil growth goals, staffing capability

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## REPORT OF THE TRUSTEE

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and capacity plan, site development plan and financial forecasts. A review of The Memorandum and Articles of Association will be completed during the academic year 2018/19 and a revision will be adopted and published.

Continuing work with classroom observations, appraisal policy and curriculum planning is a high priority to ensure that continuing professional development helps and encourages teaching to be of a high standard and that the focus on the progression of childrens learning continues.

A significant project is planned for the next academic year; working with an educational research institute for social and education innovation the School will develop a blueprint for modernising the curriculum whilst retaining the core Steiner Waldorf principles. The purpose of this is to ensure that the educational provision more than adequately meets the needs of children in the 21<sup>st</sup> century. This will also inform future marketing strategy so that the benefits of the education are made clearer to existing and prospective parents.

### STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

The law applicable to charities in England & Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### APPOINTMENT OF AUDITORS

The charity's auditors, Blue Spire Limited, have expressed their willingness to continue as auditors to the charity. A resolution proposing Blue Spire Limited be reappointed will be put forward at the AGM of the charity.

Approved by the Council on ..... and signed on its behalf.

.....  
Trustee

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## INDEPENDENT AUDITOR'S REPORT

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### Independent Auditor's Report to the Trustee of Michael Hall School

#### Opinion

We have audited the financial statements of Michael Hall School (the 'charity') for the year ended 31 July 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2018, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

We have nothing to report in this regard.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

## INDEPENDENT AUDITOR'S REPORT

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

### Responsibilities of the trustee

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

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

### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity's trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Blue Spire Limited, Statutory Auditor

Cawley Priory  
South Pallant  
Chichester  
West Sussex  
PO19 1SY

Date

*Blue Spire Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £	2017 Total Funds £
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	1	4,546	3,000	-	7,546	47,779
Other trading activities	2	130,585	-	-	130,585	168,560
Investments	3	10,975	-	-	10,975	10,109
Charitable activities	4	4,032,973	-	-	4,032,973	3,956,871
Other	5	-	-	-	-	2,851
<b>Total</b>		<u>4,179,079</u>	<u>3,000</u>	<u>-</u>	<u>4,182,079</u>	<u>4,186,170</u>
<b>EXPENDITURE ON:</b>						
Raising funds	6	74,226	-	-	74,226	60,530
Charitable activities	7	3,706,310	-	-	3,706,310	5,814,596
<b>Total</b>		<u>3,780,536</u>	<u>-</u>	<u>-</u>	<u>3,780,536</u>	<u>5,875,126</u>
Net gains/(losses) on investments	13	2,539	-	19,434	21,973	55,370
<b>Net income/(expenditure)</b>		<u>401,082</u>	<u>3,000</u>	<u>19,434</u>	<u>423,516</u>	<u>(1,633,586)</u>
<b>Transfers between funds</b>	20	3,930	-	(3,930)	-	-
<b>Net movement in funds</b>		<u>405,012</u>	<u>3,000</u>	<u>15,504</u>	<u>423,516</u>	<u>(1,633,586)</u>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>	20	4,020,315	6,507	896,664	4,923,486	6,557,072
<b>Total funds carried forward</b>	20	<u>4,425,327</u>	<u>9,507</u>	<u>912,168</u>	<u>5,347,002</u>	<u>4,923,486</u>

None of the charity's activities were acquired or discontinued during the above two financial years.

The charity has no recognised gains or losses other than those dealt with in the statement of financial activities.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## BALANCE SHEET AS AT 31 JULY 2018

		2018		2017	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	12	7,621,421		8,343,655	
Investments	13	<u>419,739</u>		<u>397,766</u>	
<b>Total fixed assets</b>			8,041,160		8,741,421
<b>CURRENT ASSETS</b>					
Assets under construction	14	710,000		-	
Debtors	15	333,669		234,568	
Cash at hand and in bank		<u>447,564</u>		<u>704,513</u>	
<b>Total current assets</b>		1,491,233		939,081	
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	16	<u>462,922</u>		<u>499,034</u>	
<b>Net current assets/(liabilities)</b>			1,028,311		440,047
<b>Total assets less current liabilities</b>			<u>9,069,471</u>		<u>9,181,468</u>
Creditors: amounts falling due after more than one year	17		(456,686)		(492,645)
Net assets/(liabilities) excluding pension asset/(liability)			<u>8,612,785</u>		<u>8,688,823</u>
Defined benefit pension scheme asset/(liability)	18		(3,265,783)		(3,765,337)
<b>Total net assets</b>			<u>5,347,002</u>		<u>4,923,486</u>
<b>THE FUNDS OF THE CHARITY</b>					
<b>Endowment funds</b>	20		912,168		896,664
<b>Restricted funds</b>	20		9,507		6,507
<b>Unrestricted funds</b>					
Designated funds	20	3,841,508		4,061,220	
General funds	20	<u>583,819</u>		<u>(40,905)</u>	
<b>Total unrestricted funds</b>			4,425,327		4,020,315
<b>Total charity funds</b>			<u>5,347,002</u>		<u>4,923,486</u>

The notes on pages 15 to 26 form part of the financial statements.

The financial statements on pages 9 to 26 we approved and authorised for issue by the trustee on ..... and signed on its behalf by:

.....  
Trustee

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## STATEMENT OF CASH FLOWS

	Note	2018		2017	
		£	£	£	£
<b>Net cash flow from operating activities (see below)</b>			(229,640)		19,717
<b>Cash flow from investing activities</b>					
Interest received		10,975		10,109	
Purchase of property, plant and equipment		-		(500)	
<b>Net cash flow from investing activities</b>			10,975		9,609
<b>Cash flow from financing activities</b>					
Net repayments of borrowing		(38,284)		(36,668)	
<b>Net cash flow from investing activities</b>			(38,284)		(36,668)
<b>Net increase/(decrease) in cash and cash equivalents</b>			(256,949)		(7,342)
<b>Cash and cash equivalents at 1 August 2017</b>			704,513		711,855
<b>Cash and cash equivalents at 31 July 2018</b>			<u>447,564</u>		<u>704,513</u>
<b>Cash and cash equivalents consist of:</b>					
Cash at bank and in hand			447,564		704,513
<b>Cash and cash equivalents at 31 July 2018</b>			<u>447,564</u>		<u>704,513</u>

### Reconciliation of net income to net cash flow from operating activities

		2018		2017	
		£	£	£	£
Net income for the year			423,516		(1,633,586)
Adjusted for:					
Interest and dividends		(10,975)		(10,109)	
(Gains)/losses on investments		(21,973)		(55,370)	
Depreciation and impairment of tangible fixed assets		12,234		15,264	
Decrease/(increase) in debtors		(99,101)		(18,908)	
Increase/(decrease) in creditors less than one year		(33,787)		(31,044)	
Increase/(decrease) in provisions for liabilities		(499,554)		1,753,470	
			(653,156)		1,653,303
			<u>(229,640)</u>		<u>19,717</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## ACCOUNTING POLICIES

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### Scope and basis of the financial statements

Michael Hall school is an unincorporated charity governed by a trust deed. The address of the principal office is given in the reference and administrative details section and the nature of the charity's operations and principal activities are given in the trustees' report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are that of the Mercury Provident Pension Scheme deficit. A discount rate of 4.31% has been used in line with the requirements of FRS 102.

### Incoming resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Income from grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

### Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes staff and other costs of raising the charity's profile and investment management fees; and
- Expenditure on charitable activities includes costs of delivery the charity's objects together with support and governance costs.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## ACCOUNTING POLICIES

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### Resources expended (continued)

#### *Support costs allocation*

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in notes 7 and 8.

#### *Redundancy and termination payments*

Termination payments are accounted for on an accruals basis, as above, and classified to the relevant category of expenditure.

### Employee benefits

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

### Pensions

The charity operates a defined benefit pension scheme. Contributions are paid to a multi-employer group scheme established by the Steiner Schools Fellowship with Mercury Provident. The Scheme operates as a pooled arrangement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to Michael Hall School. Under the terms of FRS 102, the discounted present value of future cash flows under a deficit funding arrangement is included as a liability in these accounts and the change in that valuation from year to year is taken to the statement of financial activities. The discount rate used is based on the expected rate of return on high quality corporate bonds for a similar period.

In addition the charity makes contributions towards a defined contribution group personal pension plan which are charged to the SOFA as they fall due.

### Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

### Tax

The charity is considered to pass the tests set out in sections 521 to 536 Income Tax Act 2007 (ITA 2007), as such no income tax is payable on the charity's activities.

### VAT

The charity is not registered for VAT and cannot recover VAT incurred on costs. These are therefore stated inclusive of any VAT element.

### Fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

School site	No depreciation is charged, however the site is subject to an annual impairment review.
Machinery and office equipment	20% reducing balance
Fixtures and fittings	10% reducing balance
Motor vehicles	25% reducing balance
Classroom equipment	7½% to 20% reducing balance

### Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## ACCOUNTING POLICIES

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### Assets under construction

The carrying value of assets under construction is the deemed costs of two properties from the 1 August 2014 valuation, which at the balance sheet date were being redeveloped with a view to sell. No costs have arisen on the redevelopment due to an agreement with a third party developer.

### Debtors receivable and creditors payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

### Doubtful debts provision

Fees outstanding at the balance sheet date are provided in full where no payments are currently being received. Where payments are being received, amounts expected to be recovered in the next 12 months are not provided.

### Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand inclusive of foreign currency accounts. Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

### Fund accounting

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, principally held as fixed asset investments. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

### Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Donations	4,546	-	-	4,546
Grants received	-	3,000	-	3,000
	<u>4,546</u>	<u>3,000</u>	<u>-</u>	<u>7,546</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Donations	45,933	-	-	45,933
Grants received	1,846	-	-	1,846
	<u>47,779</u>	<u>-</u>	<u>-</u>	<u>47,779</u>

### 2. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Christmas fair	23,232	-	-	23,232
Other fundraising	553	-	-	553
Estate and rental income	64,684	-	-	64,684
Ancillary income	42,116	-	-	42,116
	<u>130,585</u>	<u>-</u>	<u>-</u>	<u>130,585</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Christmas fair	24,521	-	-	24,521
Other fundraising	3,056	-	-	3,056
Estate and rental income	74,189	-	-	74,189
Ancillary income	66,794	-	-	66,794
	<u>168,560</u>	<u>-</u>	<u>-</u>	<u>168,560</u>

### 3. Income from investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Investment income	9,452	-	-	9,452
Bank interest	1,523	-	-	1,523
	<u>10,975</u>	<u>-</u>	<u>-</u>	<u>10,975</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Income from investments (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Investment income	9,593	-	-	9,593
Bank interest	516	-	-	516
	<u>10,109</u>	<u>-</u>	<u>-</u>	<u>10,109</u>

### 4. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Tuition fees	4,449,944	-	-	4,449,944
Reduced fee contracts	(650,829)	-	-	(650,829)
Chargeable disbursements	137,753	-	-	137,753
Lunches and catering income	96,105	-	-	96,105
	<u>4,032,973</u>	<u>-</u>	<u>-</u>	<u>4,032,973</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Tuition fees	4,340,281	-	-	4,340,281
Reduced fee contracts	(681,266)	-	-	(681,266)
Chargeable disbursements	190,109	-	-	190,109
Lunches and catering income	107,747	-	-	107,747
	<u>3,956,871</u>	<u>-</u>	<u>-</u>	<u>3,956,871</u>

### 5. Other income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Penalty and interest charges received	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Penalty and interest charges received	2,851	-	-	2,851
	<u>2,851</u>	<u>-</u>	<u>-</u>	<u>2,851</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

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### 6. Raising funds

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2018 Total Funds £</b>
Ancillary expenditure	4,361	-	-	4,361
Salary costs of raising funds	19,978	-	-	19,978
Christmas fair and other fundraising costs	4,356	-	-	4,356
Finance costs	19,838	-	-	19,838
Bad debts and provision for bad debts	25,693	-	-	25,693
	<u>74,226</u>	<u>-</u>	<u>-</u>	<u>74,226</u>

  

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>2017 Total Funds £</b>
Ancillary expenditure	4,797	-	-	4,797
Salary costs of raising funds	21,434	-	-	21,434
Christmas fair and other fundraising costs	7,183	-	-	7,183
Finance costs	26,625	-	-	26,625
Bad debts and provision for bad debts	491	-	-	491
	<u>60,530</u>	<u>-</u>	<u>-</u>	<u>60,530</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
<u>Education</u>				
Teachers salaries	2,110,143	-	-	2,110,143
Pension scheme deficit funding agreement	(328,924)	-	-	(328,924)
Staff training and development	129,208	-	-	129,208
Supplies and equipment	149,054	-	-	149,054
Chargeable disbursements cost	159,893	-	-	159,893
Boarding and EFL costs	76,243	-	-	76,243
Depreciation	3,756	-	-	3,756
Minibus costs	30,554	-	-	30,554
Minibus depreciation	496	-	-	496
	<u>2,330,423</u>	<u>-</u>	<u>-</u>	<u>2,330,423</u>
<u>Welfare</u>				
Catering salaries	56,380	-	-	56,380
Catering supplies and equipment	85,753	-	-	85,753
Medical salaries	26,211	-	-	26,211
Medical	1,664	-	-	1,664
	<u>170,008</u>	<u>-</u>	<u>-</u>	<u>170,008</u>
<u>Premises</u>				
Health and safety	7,162	-	-	7,162
Estate salaries	189,267	-	-	189,267
Property maintenance	176,968	-	-	176,968
Light and heat	64,857	-	-	64,857
Insurance	36,978	-	-	36,978
Cleaning	28,992	-	-	28,992
Rates & water	46,204	-	-	46,204
Buildings depreciation	-	-	-	-
	<u>550,428</u>	<u>-</u>	<u>-</u>	<u>550,428</u>
<u>Support costs</u>				
Administration salaries	400,556	-	-	400,556
Telephone and postage	22,789	-	-	22,789
Printing and stationery	9,471	-	-	9,471
Communications and PR	25,222	-	-	25,222
Insurance	3,197	-	-	3,197
Office equipment and IT	61,444	-	-	61,444
Legal and professional fees	69,422	-	-	69,422
Subscriptions	23,786	-	-	23,786
General admin expenses	11,919	-	-	11,919
Depreciation	7,982	-	-	7,982
Governance costs (see note 8)	19,663	-	-	19,663
	<u>655,451</u>	<u>-</u>	<u>-</u>	<u>655,451</u>
	<u>3,706,310</u>	<u>-</u>	<u>-</u>	<u>3,706,310</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Charitable activities (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
<u>Education</u>				
Teachers salaries	1,999,623	-	-	1,999,623
Pension scheme deficit funding agreement	1,918,599	-	-	1,918,599
Staff training and development	78,824	-	-	78,824
Supplies and equipment	148,243	-	-	148,243
Chargeable disbursements cost	156,868	-	-	156,868
Boarding and EFL costs	79,446	-	-	79,446
Depreciation	4,974	-	-	4,974
Minibus costs	34,502	-	-	34,502
Minibus depreciation	661	-	-	661
	<u>4,421,740</u>	<u>-</u>	<u>-</u>	<u>4,421,740</u>
<u>Welfare</u>				
Catering salaries	48,448	-	-	48,448
Catering supplies and equipment	82,869	-	-	82,869
Medical salaries	30,806	-	-	30,806
Medical	2,979	-	-	2,979
	<u>165,102</u>	<u>-</u>	<u>-</u>	<u>165,102</u>
<u>Premises</u>				
Health and safety	2,084	-	-	2,084
Estate salaries	196,182	-	-	196,182
Property maintenance	297,325	-	-	297,325
Light and heat	70,935	-	-	70,935
Insurance	37,834	-	-	37,834
Cleaning	21,432	-	-	21,432
Rates & water	37,176	-	-	37,176
Buildings depreciation	-	-	-	-
	<u>662,968</u>	<u>-</u>	<u>-</u>	<u>662,968</u>
<u>Support costs</u>				
Administration salaries	330,238	-	-	330,238
Telephone and postage	11,698	-	-	11,698
Printing and stationery	7,871	-	-	7,871
Communications and PR	29,921	-	-	29,921
Insurance	4,347	-	-	4,347
Office equipment and IT	50,470	-	-	50,470
Legal and professional fees	65,559	-	-	65,559
Subscriptions	22,711	-	-	22,711
General admin expenses	11,536	-	-	11,536
Depreciation	9,628	-	-	9,628
Governance costs (see note 8)	20,807	-	-	20,807
	<u>564,786</u>	<u>-</u>	<u>-</u>	<u>564,786</u>
	<u>5,814,596</u>	<u>-</u>	<u>-</u>	<u>5,814,596</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Governance costs

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Salaries	10,000	-	-	10,000
Auditors' fees - current year	9,000	-	-	9,000
Council expenses	663	-	-	663
	<u>19,663</u>	<u>-</u>	<u>-</u>	<u>19,663</u>

  

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Salaries	10,000	-	-	10,000
Auditors' fees - current year	9,000	-	-	9,000
Council expenses	1,807	-	-	1,807
	<u>20,807</u>	<u>-</u>	<u>-</u>	<u>20,807</u>

### 9. Fees payable to independent auditors

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total Funds £
Auditors' remuneration - current year	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>

  

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total Funds £
Auditors' remuneration - current year	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>

### 10. Staff costs and information

	2018 Total £	2017 Total £
Gross wages	2,554,207	2,369,034
Employer's national insurance costs	201,139	185,456
Pension costs	55,421	48,744
Termination payments*	19,487	32,900
	<u>2,830,255</u>	<u>2,636,134</u>

\* Termination payments have been made in full settlement. No additional costs are expected to arise.

	2018	2017
Staff numbers:		
Average head count	<u>131</u>	<u>121</u>

There were no employees with employee benefits (excluding employer pension costs) totalling more than £60,000 in the current or the comparative year.

The pension costs charge above has been charged to the Statement of Financial Activities. No pension contributions were outstanding at the year end or at the previous year end.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

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### 11. Related party transactions

No trustee received remuneration, or other employment benefits for being a trustee in this or the comparative year.

Remuneration was paid to the following trustees in relation to their employment as teachers and support staff:

	2018		2017	
	Salary £	Pension £	Salary £	Pension £
W Forward	19,906	259	19,266	193
S Gillman	20,417	1,268	30,049	1,576
V King	30,625	400	29,926	299
	<u>70,948</u>	<u>1,927</u>	<u>79,241</u>	<u>2,068</u>

During the year under review remuneration for spouses and children of trustees amounted to £45,609 (2017: £53,082). In addition pension contributions totalling £1,589 (2017: £1,770) were made on behalf of spouses and children of trustees.

Trustees (and spouses) who are teachers or other staff members receive remuneration in that capacity and not for acting as a trustee. This remuneration is authorised under section 4 of the Memorandum of Association of Michael Hall School Limited.

Total employee benefits, inclusive of employer pension contributions, received by the school's nine (2017: eight) key management personnel amounted to £273,509 (2017: £262,406) during the year under review. In addition employee benefits receivable by the spouses and children of those key management personnel totalled £nil (2017: £nil). Additionally one of the charity's trustees, who also represent key management personnel, received £12,000 combined for management and consultancy services.

During the year two (2017: two) of the school's key management personnel received staff discounts in relation to their children's school fees of £28,713 (2017: £24,097) and sibling discounts of £2,184 (2017: £4,776). These discounts were received on the same terms in relation to discounts given to teachers and siblings without key management personnel status.

Expenses reimbursed to and paid on behalf of nil (2017: one) trustees for travel and training totalled £nil (2017: £61) in the year under review. In the same period £7,400 (2017: £11,100) was received from the trustees for rent together with £nil (2017: £nil) in donations. Income receivable from trustees for rent is on normal commercial terms in an arms length transaction.

Expenses reimbursed to and paid on behalf of two (2017: three) members of key management personnel for travel and training totalled £825 (2017: £3,120) in the year under review. During the year £nil (2017: £nil) was received in rent. Income receivable from key management personnel for rent is on normal commercial terms in an arms length transaction. A further £nil (2017: £nil) of expenses were reimbursed to a related party of management.

	2018 £	2017 £
Tuition fees charged to 5 (2017: 6) Parent Trustees inclusive of discounts amounted to	<u>42,406</u>	<u>53,211</u>

The following individuals who were trustees for all or part of the year were educating their children at the school:

S Barker  
W Forward  
H Hebrank  
V King  
S Rafferty

Tuition fees are charged on normal commercial terms, except for teacher trustees who, as with all teachers, receive a 80% (2017: 80%) discount after other discounts on a pro-rata basis. Total staff discount for trustees in the year was £19,680 (2017: £37,146). Other discounts, inclusive of sibling and reduced fees, were provided on the same basis as those to other parents amounted to £1,358 (2017: £2,823). Extras are charged in full.

Outstanding fees and extras charges from trustees at the year end was £417 (2017: £777).

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Tangible fixed assets

	School site £	Machinery & office equipment £	Fixtures & fittings £	Motor vehicles £	Classroom equipment £	Total £
Cost						
Brought forward	8,250,000	393,046	277,338	40,968	308,366	9,269,718
Additions	-	-	-	-	-	-
Transfer out (see note 14)	(710,000)	-	-	-	-	(710,000)
	<u>7,540,000</u>	<u>393,046</u>	<u>277,338</u>	<u>40,968</u>	<u>308,366</u>	<u>8,559,718</u>
Depreciation						
Accumulated brought forward	-	365,731	252,149	38,981	269,202	926,063
Charge	-	5,463	2,519	496	3,756	12,234
	<u>-</u>	<u>371,194</u>	<u>254,668</u>	<u>39,477</u>	<u>272,958</u>	<u>938,297</u>
Net book value carried forward	<u>7,540,000</u>	<u>21,852</u>	<u>22,670</u>	<u>1,491</u>	<u>35,408</u>	<u>7,621,421</u>
Net book value brought forward	<u>8,250,000</u>	<u>27,315</u>	<u>25,189</u>	<u>1,987</u>	<u>39,164</u>	<u>8,343,655</u>

On transition to FRS 102 SORP (2015) a valuation, provided by Strutt and Parker, of the school site has been included as deemed cost as at 1 August 2014. The site is considered for impairment at each balance sheet date.

During the year under review two of the school's properties were transferred from fixed assets to assets under construction as being redeveloped with a view to sell.

### 13. Investments

	2018 £	2017 £
<b>Listed investments</b>		
Market value brought forward	397,766	342,396
Additions at cost	-	-
Disposals at carrying value	-	-
Gains/(losses) on revaluation	21,973	55,370
<b>Market value carried forward</b>	<u>419,739</u>	<u>397,766</u>

*The investments above are analysed as follows:*

Listed investments	159,571	157,032
Unit trusts and similar investments	260,168	240,734
	<u>419,739</u>	<u>397,766</u>

### 14. Assets under construction

	2018 £	2017 £
Properties under redevelopment	710,000	-
	<u>710,000</u>	<u>-</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

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### 15. Debtors

	2018	2017
	£	£
Fees outstanding	564,473	465,734
Fee provision	(318,000)	(305,000)
Prepayments	81,225	70,751
Other debtors	5,971	3,083
	<u>333,669</u>	<u>234,568</u>

### 16. Creditors: amounts falling due in less than one year

	2018	2017
	£	£
Bank loan	32,083	34,407
Trade creditors	166,703	116,368
Fees in advance	22,444	39,955
Deposits from parents	40,982	44,782
Other creditors and accruals	200,710	263,522
	<u>462,922</u>	<u>499,034</u>

### 17. Creditors: amounts falling due after one year

	2018	2017
	£	£
Bank loan	456,686	492,645
	<u>456,686</u>	<u>492,645</u>

The bank loan is secured over several of the school's freehold properties and is repayable over a period of 25 years from August 2005.

### 18. Defined benefit pension scheme liability

	2018	2017
	£	£
Brought forward	3,765,337	2,011,867
Payments made	(170,630)	(165,130)
Charge to statement of financial activities	(328,924)	1,918,600
Carried forward	<u>3,265,783</u>	<u>3,765,337</u>

The above provision arises from the pension scheme's deficit funding arrangement and included in these accounts at the discounted present value of future cash outflows.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2018 Total funds £	2017 Total funds £
Tangible assets	-	6,969,421	-	652,000	7,621,421	8,343,655
Investments	21,701	137,870	-	260,168	419,739	397,766
Current assets	1,481,726	-	9,507	-	1,491,233	939,081
Creditors: <1 year	(462,922)	-	-	-	(462,922)	(499,034)
Creditors: >1 year	(456,686)	-	-	-	(456,686)	(492,645)
Pension scheme deficit	-	(3,265,783)	-	-	(3,265,783)	(3,765,337)
<b>Net assets at 31 July 2018</b>	<b>583,819</b>	<b>3,841,508</b>	<b>9,507</b>	<b>912,168</b>	<b>5,347,002</b>	<b>4,923,486</b>

### 20. Analysis of movement in funds

	Brought forward £	Incoming resources £	Outgoing resources £	Unrealised gains/ (losses) £	Transfers £	Carried forward £
<b>Permanent endowment funds</b>						
Permanent Endowment Fund	652,000	-	-	-	-	652,000
Endowment Recoupment Fund	244,664	-	-	19,434	(3,930)	260,168
<b>Total endowment funds</b>	<b>896,664</b>	<b>-</b>	<b>-</b>	<b>19,434</b>	<b>(3,930)</b>	<b>912,168</b>
<b>Restricted funds</b>						
ESCC	-	3,000	-	-	-	3,000
Clockhouse Fund	3,789	-	-	-	-	3,789
Natural England Fund	2,718	-	-	-	-	2,718
<b>Total restricted funds</b>	<b>6,507</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,507</b>
<b>Designated and general funds</b>						
WO Field bequest	134,902	-	-	2,968	-	137,870
Pension deficit (see notes 17 and 20)	(3,765,337)	-	328,924	-	170,630	(3,265,783)
Fixed asset reserve (see note 18)	7,691,655	-	(12,234)	-	(710,000)	6,969,421
Total designated funds	4,061,220	-	316,690	2,968	(539,370)	3,841,508
General reserves	(40,905)	4,179,079	(4,097,226)	(429)	543,300	583,819
<b>Total unrestricted funds</b>	<b>4,020,315</b>	<b>4,179,079</b>	<b>(3,780,536)</b>	<b>2,539</b>	<b>3,930</b>	<b>4,425,327</b>
<b>Total funds</b>	<b>4,923,486</b>	<b>4,182,079</b>	<b>(3,780,536)</b>	<b>21,973</b>	<b>-</b>	<b>5,347,002</b>

### Restricted funds

ESCC Grant receive from East Sussex County Council for healthy eating programme

Clockhouse Fund Grants received to support the costs of repair to the Clockhouse

Natural England Fund Grant received to conduct an environmental study on the school site

### Designated funds

WO Field bequest Funds received to support complementary health care costs for employees of the school.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

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### 21. Transfer between funds

From	To	Unrestricted Funds	
		General £	Designated £
<i>Transfer 1</i>			
General fund	Pension deficit	(170,630)	170,630
		<u>(170,630)</u>	<u>170,630</u>
Transfer of funds from unrestricted general funds representing payments made during the year.			
<i>Transfer 2</i>			
Fixed asset reserve (see note 18)	General fund	710,000	(710,000)
		<u>710,000</u>	<u>(710,000)</u>
Transfer of funds to unrestricted general funds to match costs previously borne by general funds.			

### 22. Pensions

Michael Hall School participates in the Mercury Provident Pensions Scheme, which is a defined benefit pension scheme whose membership consists of 14 Steiner schools. The most recent actuarial valuation took place at 31 March 2016 and showed a funding shortfall of £19.44m.

On 31 December 2008 the scheme closed to future accrual of benefits and since then only deficit reducing and expenses contributions have been made. A recovery plan dated 19 December 2016 has been agreed with the employers with the expectation that the deficit will be eliminated by July 2035.

Payments made to the scheme, under the funding agreement between the scheme employers, totalled £170,630 (2017: £165,130). These payments are allocated to the provision shown in note 18 to these accounts with a credit to the Statement of Financial Activities of £328,924 (2017 (charge): £1,918,600) made of the unwinding of the discounted present value, changes to the discount rate and extended period.

### 23. Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

	2018 Total Funds £	2017 Total Funds £
<i>Financial assets</i>		
Measured at fair value through net income/(expenditure):		
Fixed asset investments (note 13)	419,739	397,766
	<u>419,739</u>	<u>397,766</u>
Debt instruments measured at amortised cost:		
Trade debtors (note 14)	564,473	465,734
	<u>564,473</u>	<u>465,734</u>
<i>Financial liabilities</i>		
Measured at amortised cost:		
Trade creditors (note 15)	166,703	116,368
Bank loan (notes 15 and 16)	488,769	527,052
	<u>655,472</u>	<u>643,420</u>

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# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED YEAR ENDED 31 JULY 2018

## NOTES TO THE FINANCIAL STATEMENTS

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### 23. Financial instruments (continued)

The income, expense, net gains and net losses attributable to the charity's financial instruments are summarised as follows:

	<b>2018</b>	<b>2017</b>
	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>
	<b>£</b>	<b>£</b>
<i>Income and expense</i>		
Financial assets measured at fair value through net income/(expenditure)		
Investment income	9,452	9,593
	<u>9,452</u>	<u>9,593</u>
<i>Net gains and losses (including changes in fair value)</i>		
Financial assets measured at fair value through net income/(expenditure)		
Unrealised gains/(losses) on investments	21,973	55,370
	<u>21,973</u>	<u>55,370</u>