

**MICHAEL HALL SCHOOL**

**Trustees Report**

**and Financial Statements**

**for the year ended 31 July 2020**

**Registered Charity Number 307006**

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# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## 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:

W Forward	(Teacher, Chair from 21/02/21)	(appointed 20 March 2017)
J Sharpe	(Independent, Chair 17/10/20 to 20/02/21)	(appointed 13 November 2019, resigned 21 February 2021)
S Rafferty	(Independent, Chair to 16/10/20)	(resigned 16 October 2020)
J Cohen	(Parent)	(resigned 23 June 2020)
H Hebrank	(Parent)	
K Hagenbach	(independent)	(resigned 1 April 2020)
M Hindler	(Independent)	(appointed 10 January 2020)
V King	(Teacher)	
S Kirby	(Independent)	
L Lines	(Independent)	(appointed 3 February 2021)
M Macdonald	(Teacher)	(appointed 16 September 2020)
E Maslen	(Parent)	(appointed 13 November 2019)
T Michaels	(Parent)	(appointed 23 November 2020)
B Ozgen	(Parent)	(resigned 16 November 2020)
T Souleiman	(Parent)	(appointed 9 December 2019)

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 (to May 2020 unless stated)

<i>Vacant</i>	Chair of Management
M Fielding	Early Years Faculty Chair
J Brunoir	Upper School Faculty Chair (to August 2019)
S Grimshaw	Upper School Faculty Chair (from September 2019)
J Rolton	Upper School Faculty Chair (from September 2019)
M Devaris	Upper School Faculty Chair (from September 2019)
H Howlett	College of Teachers Co-Chair
<i>Vacant</i>	Education Co-ordinator
D Skinner	Director of Operations (to March 2020)
V King	Lower School Faculty Chair
K Whiley	Financial Controller/School Bursar (to March 2020)

### Key management personnel (to July 2021 unless stated otherwise)

P Farr	Principal (from November 2019 to March 2021)
E Hawker	Acting Principal (from March 2021 and ongoing), previously Lower School Assistant Principal (from March 2020 to March 2021)
M Fielding	Early Years Faculty Chair
M Devaris	Upper School Assistant Principal
R Siddons	Upper School Assistant Principal (from March 2020 to March 2021)
J Courtenay	Lower School Assistant Principal
L James	Business Manager (from April 2020)
J Phillips	SENCO (from September 2018)

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## REFERENCE AND ADMINISTRATIVE DETAILS

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### 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

Ellis Whittham Limited  
Woodhouse  
Aldford  
Chester  
Cheshire  
CH3 6JD

Reeves Perrin  
Marksden  
29 Blackness Road  
Crowborough  
TN6 2LT

### 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 2020

## **REPORT OF THE TRUSTEE**

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The Trustees have pleasure in presenting the annual report for the purposes of the Charities Act 2011, together with the accounts for the year ended 31 July 2020. The trustees have 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.

Trustees hold portfolio responsibilities that map onto the school's priorities and make reference to the Ofsted Inspection Framework that came into effect in May 2019.

All trustees are selected based on the contribution that they will make to the governance of the organisation and their relevant knowledge, skills and experiences. They are supported with copies of the Charity Commission's guidance to trustees and given an introduction to the activities of the charity by the existing Board and School's senior staff. Trustees are provided with training as and when required and there is an annual training plan for trustees which sits alongside the school's workforce development plans. New Trustees are inducted through a process which incorporates training in various relevant areas including Health and Safety, Safer Recruitment, Safeguarding and Child Protection.

The setting of pay and remuneration is completed by the trustees with reference to publicised pay scales and benchmarked against similar roles in comparable organisations.

In June 2019, and in response to an inspection of the school made by Ofsted, Trustees began a process of reviewing and renewing the School's leadership. This led to the appointment of the School's first Principal in November 2019 with a new interim leadership team appointed in January 2020. These new arrangements replaced the previous leadership structures by putting professionally qualified teaching staff in charge of the day to day running of the school and its educational development. In May 2020 a new leadership team was put in place resulting in four assistant principals, a School Business Manager and a SENCO all reporting directly to the Principal.

Following an Ofsted inspection in March 2021, it was announced via the subsequent Ofsted report that the school's Principal had been suspended. An existing Assistant Principal stepped into the role of Acting Principal as of March 2021 and continues to hold this position.

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. Under the leadership of the Acting Principal, the school now enjoys a close and effective partnership with the SWSF. The school is also a member of the Independent Schools Bursars Association (ISBA) which has an extensive policy and compliance library.

### **Risk Management**

The trustees have assessed the significant risks to which the charity is exposed. Following the most recent Ofsted inspections, the greatest risk facing the school is considered to be the current Ofsted rating. Significant work to ensure that the next full inspection results in a positive grading and report has been undertaken and continues to be a primary focus of the school's leadership. The Acting Principal commissioned a full external Safeguarding audit, an audit of the teaching and learning provision and has appointed a School Improvement Partner to scrutinise work and offer advice on how to ensure improvement. Both have determined the school's provision to be of a good standard, and the school looks forward to being able to welcome Ofsted back to demonstrate the improvements that have been made across the board since the last inspections. The school has a comprehensive School Improvement Plan, which has been approved by the SWSF, the School Improvement Plan (SIP) and Trustees, and

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## REPORT OF THE TRUSTEE

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has confidence that the pending 3 day Ofsted inspection will find Michael Hall to be good with elements of outstanding.

Communicating the disappointing outcome of the inspection to existing parents was key to managing risk, in particular of parents withdrawing from the school. The Acting Principal and School Business Manager held a series of Town Hall meetings, inviting all parents to attend, and comprehensively explained the circumstances surrounding the grading (as far as permissible) and the resulting results of a comprehensive external safeguarding audit. They also held open and frank Q&A sessions. Trustees offered a similar meeting for all parents to dispel any rumours and to demonstrate that steps had been immediately taken to confirm that children at Michael Hall School are safe, and that the Ofsted Inspection - having focused on a singular event and the wrong staff contacting an external agency - was not indicative of poor safeguarding practice across the school. Parents were reassured that clear steps had been taken to ensure no such incident could reoccur, and as a result there was very little pupil number movement following the report publication.

The School is working closely with the SWSF, who are greatly improving relationships with Ofsted having noticed that the Ofsted inspection framework failed to recognise some of the differences that are integral to Steiner Waldorf education. These differences will now be written into the inspection framework so that our differences will be recognised and taken into consideration in future inspection outcomes (e.g. not learning to read until aged 7). Relationships with the SWSF have improved enormously under the Acting Principal, and the two organisations move together in complete partnership, with positive Ofsted relationships and outcomes being a key area of focus.

Other risks that Trustees carefully monitor relate to the specific operational areas of the charity and its finances. A register is under review to monitor and manage those risks effectively. The Trustees closely monitor reserve levels, ensure controls exist over critical financial systems, and examine the operational and business risks faced by the charity. The Business Manager has developed a series of action points for the coming year to ensure the delivery of the strategic objectives that have been set by Trustees to mitigate these risks and grow the school's finances.

The COVID-19 pandemic has posed a significant risk to the school. As well as adding additional operational burden, the school has had to develop systems of distance learning. Families have faced financial hardship which in turn has limited some family's ability to pay fees. The Finance Manager has developed systems of credit control, and ensured that all families with outstanding debt have now agreed a longer-term repayment plan to clear any outstanding fees. The school has engaged an external debt collection agency to support the collection of more historic debts.

## OBJECTIVES AND ACTIVITIES

The charity's objectives are:

"To provide for and conduct the education of children in accordance with Steiner Waldorf educational principles." 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 would usually represent almost 80% of the charities income. Due to the pandemic, income from additional sources (lettings, events and fundraising) have been limited with fees being the main source of income since March 2020.

Taking its inspiration from Rudolph Steiner, the School's curriculum is delivered with age appropriate awareness that takes into account the cognitive and emotional stages of child development. The aim of the school is through a holistic education, providing the students with skills and a passion for lifelong learning that promotes confidence and encourages well rounded, creative and practical individuals. Alongside traditional GCSE and A level qualifications, the education is delivered through an extremely diverse curriculum portfolio.

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# **MICHAEL HALL SCHOOL**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## **REPORT OF THE TRUSTEE**

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The school offers an extensive fee assistance programme based on a means tested method and during the course of the 2019-20 academic year 116 pupils (67 families) have benefitted from this. As one of the many initiatives to ensure the school's business model is redeveloped with sustainability in mind, the fee assistance programme has been thoroughly reviewed and redesigned. An allocation of 12.5% of gross fee income (after staff discount) has been set as a maximum fee assistance budget. This is distributed to families on a means tested basis through a third party company, under a new clear Fee Assistance Policy.

The Acting Principal has completely redeveloped the strategies for achieving aims and objectives in conjunction with the SWFS and SIP. Using well-recognised models of best-practice, the leadership team has implemented a comprehensive package of education assessment across the school, alongside Continual Professional Development programme that align with the school's Development priorities. The acting Principal has also created a rigorous School Improvement Plan that identifies all areas of Ofsted scrutiny to address previous shortcomings (which in-turn are considered to have contributed to poor pupil numbers). The SWSF and SIP at a recent Independent audit undertaken in May 2021 both found that the school was Good with elements of Outstanding. They were particularly impressed with the progress made to improve literacy and maths across the school.

The School Business Manager has developed systems for monitoring key lines of expenditure (i.e. staffing costs) and monitors these closely against income /pupil numbers. Trustees monitor these key performance indicators alongside the budget at the Resources and Full Trustee meetings. Work is currently underway to develop clear formats of bi-monthly management accounting to allow for clear and consistent reporting of cash flow, budget monitoring and KPIs. A finance working group, led by the School Business Manager, comprises of several external finance experts who have committed to supporting the improvement of the school's financial reporting, and developing comprehensive strategies for a robust and thriving financial future. Work is in the early stages, but already this work has had significant impacts and negated any requirement to borrow funds or sell an asset to ensure cash flow through the current difficult year of the pandemic.

### **ACHIEVEMENTS AND PERFORMANCE**

There is exciting work going on in collaboration with the SWFS. They are due to offer training to all staff, whilst also training Ofsted in-line with Steiner Waldorf education. This alignment is anticipated to have a positive effect on future Ofsted inspections as well as outcomes for pupils.

Sub-committees have been established to cover Educational Performance & Standards and Finance & Operations with trustees being allocated to a committee depending on the portfolio that they held.

Due to incomplete record keeping at the time, the number of formal complaints received in the year 2019 -20 is unknown. The current leadership is aware of 9 complaints during that period, some of which were resolved once the Acting Principal was made aware of them. However, there is now a comprehensive and structured Complaints Procedure in place, with number of formal complaints having been received under the new Acting Principal being 3, of which all have now been resolved.

### **Exam Results**

The pupils and teachers are continuing to demonstrate their resilience working hard towards adjusting to the ever-changing exam requirements, due to the COVID - 19 pandemic, demonstrating their learning and conscientiousness. The exam series for the Summer of 2020 was a dramatic, national shift from the norm, therefore, instead of sitting exams, pupils were awarded grades as determined by work submitted throughout the year to their teachers.

2020 saw a 2% improvement on GCSE grades 9 -5, a 4% rise of grades between 9 -7 from 2019. However, we did see a 3% drop of grades between 9 -8.

In summary, our overall pass rate saw a 3% improvement from 92% in 2019 to 95% in 2020.

This was a difficult time therefore making any comparisons is complex.

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## **REPORT OF THE TRUSTEE**

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The Advanced Levels results were also an improvement from 2019. In 2020 we had a total of 73 A-levels taken. That is 24 more A-levels achieved by Michael Hall pupils. The pupils gaining A\* - A was raised by 32% of those in 2019. Pupils gaining A\* - B was 70% in 2020 compared to 45% of those in 2019. Pupils gaining A\* - C raised by 41% in 2020 from those in 2019. The Overall pass rate is now at 100% which is a 4% improvement from 2019.

To have made such great progress in such a challenging year shows the commitment from both teachers and pupils and demonstrates our ability to combine both the Steiner curriculum and achieve academic results.

### **Staff Numbers**

Analysis of staff costs against income from fees undertaken in Autumn 2020 demonstrated an unsustainable staffing structure, with a pupil: staff ratio that was not sustainable. In January 2021, the school commenced a full staffing restructure which has reduced staffing numbers to an affordable and sustainable level. The budgeted staffing numbers from September 2021 onwards represents over £500,000 saving per annum on previous years' staffing costs.

### **Pupil Numbers**

Exit-interviews of leaving pupils have been reinstated, with decisions to leave Michael Hall being logged and monitored for trends to allow for action to be taken when any pattern emerges.

The COVID-19 pandemic has resulted in some drop-off in pupil numbers as some families have found themselves in sudden financially challenging circumstances.

It is considered likely that once the school is able to demonstrate that is at least 'Good' by Ofsted that we will see a rejuvenation in pupil numbers. A tactical marketing strategy has been developed for deployment in September 2021 to focus on enhancing pupil numbers. The opening of a 5<sup>th</sup> Kindergarten is being considered over the coming year, as well as a Parent and Child Group and other initiatives to boost incoming families.

Work to ensure the retention of existing pupils also forms a key element of this marketing strategy. It is expected that by September 2022, targeted marketing and PR strategies will have brought pupil numbers back above 400.

It is also important to note that although pupil numbers have decreased, the new policies on fee assistance and credit control has positively impacted the average income per pupil to ensure that income does not reduce in line with the number of pupils on roll.

### **Estate and Buildings**

The school has appointed an Estates Manager as part of the recent Staffing Restructure. This is considered a pivotal role in the rejuvenation of the school's buildings, and longer term strategic direction of the facilities. A comprehensive business plan is being developed to maximise revenue from the school's grounds, utilising opportunities from weddings, events and lettings to generate income that can be used to reinvest into the buildings.

A trial initiative is being piloted over the summer to develop the grounds for extra-curricular activities for our pupils and the community beyond. In the long term, this initiative will be developed to bring in revenue, but also show-case the school to potential new families thus boosting pupil numbers.

### **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, and the sole criterion for assistance is the ability to pay.

In 2019-20, 116 pupils (67 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.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## REPORT OF THE TRUSTEE

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### FINANCIAL REVIEW

During the year under review the school is reporting net expenditure of £712,265 (2019 net expenditure: £325,244) inclusive of a loss on investments of £21,166 (2019 gain: £26,222) and a debit on the movement of the pension deficit provision of £850,348 (2019 debit: £257,242), giving an operating surplus of £159,249 (2019 operating deficit: £89,168).

As at 31 July 2020, the charity's total funds amounted to £4,309,493 (2019: £5,021,758) of which £942,926 (2019: £939,391) is held within endowment funds with a further £9,507 (2019: £9,507) restricted leaving unrestricted funds of £3,357,060 (2019: £4,072,860). Within unrestricted funds are designated amounts totalling £3,321,657 (2019: £4,006,092) with funds represented by fixed assets amounting to £7,213,358 and a pension deficit position of £4,008,512 giving an overall reserves position of £35,403 (2019: £66,768). The trustees consider that the charity should hold positive reserves equivalent to two months operating costs (estimated at £500,000) in order to ensure the ongoing 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 £2,000,000 will be freed from assets to form part of a detailed and carefully planned business rejuvenation strategy. Trustees 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.

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. Michael Hall School had investments in COIF unitised funds throughout the year.

The school does not participate in any significant fundraising activities in pursuit of donations though income is generated through markets, third party hires and the garden shop.

### PLANS FOR FUTURE PERIODS and GOING CONCERN

The Acting Principal has redeveloped a rigorous School Development Plan to confirm and embed good practice in the delivery of our education. The Business Manager has developed a short to medium term action plan from which to build a long term business plan and ensure the financial security of the school long into the future. The year 2020-2021 is being considered a "Transition and Recovery" year. This is to acknowledge the difficult times the school has been through in recent times, due to a pandemic, restructure and other challenges. The 'transition and recovery' year will spring board Michael Hall into a new, carefully planned and robust future with appropriate staffing structure and levels, a focus on providing excellent education, and ensuring any gaps in provision as a result of the Pandemic are carefully filled.

Since early 2021, the Leadership Team has been focused on identifying historic gaps, problems and unresolved issues. A comprehensive log of complaints has been compiled and clear and consistent responses to concerns and complaints established. Key documents that have been underdeveloped are now robust and fit-for purpose (including the Self Evaluation and School Development Plans), and teachers have clearly defined expectations placed upon them to deliver consistently good levels of education. Any member of staff considering to be underperforming is now dealt with efficiently and effectively through Performance Improvement Plans, and a process of appraisal for all staff has been developed for September 2021.

Pupil numbers are lower than previous years, although the pandemic has led to a delay in finalisation of the signing up of new pupils. Therefore, it is anticipated that the eventual number of pupils on roll will be higher than budgeted. Although the single stream entry of the lower classes brings with it reduced income, the recent staffing restructure has ensured that we are no longer over-staffed and can afford the staff levels into the future.

The Council of Trustees have developed an improvement plan to enhance Governance, including the improvement of the quality of board papers, a longer-term focus and ensuring the security of the future of the school.

Trustees have set the Leadership Team a series of strategic objectives. These can be considered under two main sub categories: 1) Teaching and Learning and 2) Operations/Business.

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# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## REPORT OF THE TRUSTEE

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As part of the plans for development, strategies to ensure the financial viability include the following:

- A review of the staffing structure has ensured that staffing costs now fall within a sustainable level in comparison to income from fees. Ongoing monitoring and review of the staffing structure will be conducted, with contingency plans firmly in place to manage any further reduction in pupil numbers.
- A full-time Credit Control role is being recruited to join the Finance Team. This is designed to ensure a) the repayment of historic debt from outstanding fees and b) change the culture of late payment through a new, comprehensive credit control policy and implementation of late penalties for late fees.
- A review of how fees are invoiced. Moving to a termly or monthly direct debit option will allow for far closer review of payments, and the clearer reporting of where fee payments are delayed.
- A Marketing strategy is being launched in September 2021 to drive PR initiatives and enhance pupil numbers. In addition to this, development/fundraising/lettings will be built into the action plans for the Business manager (and team) and Estate Manager. This will maximise effectiveness of potential income streams, such as managing an effective alumni giving programme and sourcing available grants etc.
- An asset sale is being considered to enable a large-scale reinvestment programme into the business as a whole. In the past, where assets have been utilised to shore up the school's cash flow, future plans consider the need to carefully plan for the spending of released capital in a carefully managed business plan.
- The fee assistance budget has now been realigned to 10% of income. In order to 'wean' families off the previous figure of 80% fee assistance, an annual reduction in maximum fee assistance availability is being rolled out to gradually reduce the maximum available to 35%.
- Management figures to be produced on a bi-monthly basis to monitor cash flow and ensure adherence to ledger code budgets.

### STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustees are 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 (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.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## REPORT OF THE TRUSTEE

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### 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 10/09/20 and signed on its behalf.



Trustee

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## 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 2020 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 2020, 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.

#### Material uncertainty relating to going concern

We draw attention to note 27 in the financial statements, which indicates that the ongoing cash flows and the impact of COVID-19 may cast significant doubt on the entity's ability to continue as a going concern. As stated in note 27, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the school's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the trustee's assessment of the entity's ability to continue to adopt the going concern basis of accounting included a review of the most recent management information available to the point of sign off together with an assessment of future plans and projections.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

#### 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 2020

## 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 31 JULY 2020

## STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted Funds	Restricted Funds	Endowment Funds	2020 Total Funds	2019 Total Funds
	Note	£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	1	4,202	-	-	4,202	21,743
Other trading activities	2	136,586	-	-	136,586	179,257
Investments	3	14,953	-	-	14,953	15,225
Charitable activities	4	3,420,362	-	-	3,420,362	3,703,047
Other	5	471,641	-	-	471,641	-
<b>Total</b>		<u>4,047,744</u>	<u>-</u>	<u>-</u>	<u>4,047,744</u>	<u>3,919,272</u>
<b>EXPENDITURE ON:</b>						
Raising funds	6	111,851	-	-	111,851	67,223
Charitable activities	7	4,626,992	-	-	4,626,992	4,203,515
<b>Total</b>		<u>4,738,843</u>	<u>-</u>	<u>-</u>	<u>4,738,843</u>	<u>4,270,738</u>
Net gains/(losses) on investments	13	(24,701)	-	3,535	(21,166)	26,222
<b>Net income/(expenditure)</b>		<u>(715,800)</u>	<u>-</u>	<u>3,535</u>	<u>(712,265)</u>	<u>(325,244)</u>
<b>Transfers between funds</b>	20	-	-	-	-	-
<b>Net movement in funds</b>		<u>(715,800)</u>	<u>-</u>	<u>3,535</u>	<u>(712,265)</u>	<u>(325,244)</u>
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>	20	4,072,860	9,507	939,391	5,021,758	5,347,002
<b>Total funds carried forward</b>	20	<u>3,357,060</u>	<u>9,507</u>	<u>942,926</u>	<u>4,309,493</u>	<u>5,021,758</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

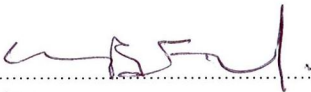
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## BALANCE SHEET AS AT 31 JULY 2020

	Note	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	12	7,865,358		7,865,516	
Investments	13	<u>424,795</u>		<u>445,961</u>	
<b>Total fixed assets</b>			8,290,153		8,311,477
<b>CURRENT ASSETS</b>					
Assets held for sale	14	710,000		710,000	
Debtors	15	896,835		363,549	
Cash at hand and in bank		<u>212,384</u>		<u>79,488</u>	
<b>Total current assets</b>		<u>1,819,219</u>		<u>1,153,037</u>	
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within one year	16	<u>618,304</u>		<u>676,579</u>	
<b>Net current assets/(liabilities)</b>			1,200,915		476,458
<b>Total assets less current liabilities</b>			<u>9,491,068</u>		<u>8,787,935</u>
Creditors: amounts falling due after more than one year	17		(1,173,063)		(422,313)
<b>Net assets/(liabilities) excluding pension asset/(liability)</b>			<u>8,318,005</u>		<u>8,365,622</u>
Defined benefit pension scheme asset/(liability)	18		(4,008,512)		(3,343,864)
<b>Total net assets</b>			<u><u>4,309,493</u></u>		<u><u>5,021,758</u></u>
<b>THE FUNDS OF THE CHARITY</b>					
<b>Endowment funds</b>	20		942,926		939,391
<b>Restricted funds</b>	20		9,507		9,507
<b>Unrestricted funds</b>					
Designated funds	20	3,321,657		4,006,092	
General funds	20	<u>35,403</u>		<u>66,768</u>	
<b>Total unrestricted funds</b>			3,357,060		4,072,860
<b>Total charity funds</b>			<u><u>4,309,493</u></u>		<u><u>5,021,758</u></u>

The notes on pages 18 to 31 form part of the financial statements.

The financial statements on pages 12 to 31 were approved and authorised for issue by the trustee on ..... 10/09/21 ..... and signed on its behalf by:

  
Trustee

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## STATEMENT OF CASH FLOWS

	Note	2020		2019	
		£	£	£	£
<b>Net cash flow from operating activities (see below)</b>			(640,778)		(82,624)
<b>Cash flow from investing activities</b>					
Interest and dividends received		14,953		15,225	
Purchase of property, plant and equipment	12	<u>(10,257)</u>		<u>(255,694)</u>	
<b>Net cash flow from investing activities</b>			4,696		(240,469)
<b>Cash flow from financing activities</b>					
Receipts from issue of new loans		840,000		-	
Repayments of long term loans		<u>(71,022)</u>		<u>(44,983)</u>	
<b>Net cash flow from investing activities</b>			768,978		(44,983)
<b>Net increase/(decrease) in cash and cash equivalents</b>			<u>132,896</u>		<u>(368,076)</u>
<b>Cash and cash equivalents at 1 August 2019</b>			79,488		447,564
<b>Cash and cash equivalents at 31 July 2020</b>			<u><u>212,384</u></u>		<u><u>79,488</u></u>
<b>Cash and cash equivalents consist of:</b>					
Cash at bank and in hand	25		<u>212,384</u>		<u>79,488</u>
<b>Cash and cash equivalents at 31 July 2020</b>			<u><u>212,384</u></u>		<u><u>79,488</u></u>

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

		2020		2019	
		£	£	£	£
Net income for the year			(712,265)		(325,244)
Adjusted for:					
Interest and dividends		(14,953)		(15,225)	
Interest paid		20,774		11,289	
(Gains)/losses on investments		21,166		(26,222)	
(Profit)/loss on disposal of tangible fixed assets		192		-	
Depreciation and impairment of tangible fixed assets		10,224		11,599	
Decrease/(increase) in debtors		(533,286)		(29,880)	
Increase/(decrease) in creditors less than one year		(97,278)		212,978	
Increase/(decrease) in provisions for liabilities		<u>664,648</u>		<u>78,081</u>	
			71,487		242,620
			<u><u>(640,778)</u></u>		<u><u>(82,624)</u></u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

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 0.78% 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 31 JULY 2020

## ACCOUNTING POLICIES

---

### 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 31 JULY 2020

## ACCOUNTING POLICIES

---

### **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.

More information regarding the assessments and considerations taken by trustees in respect of going concern is provided in note 27 of these financial statements. This includes consideration of the school's operating performance and the impact of post balance sheet events.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Donations	4,202	-	-	4,202
Grants received	-	-	-	-
	<u>4,202</u>	<u>-</u>	<u>-</u>	<u>4,202</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Donations	21,743	-	-	21,743
Grants received	-	-	-	-
	<u>21,743</u>	<u>-</u>	<u>-</u>	<u>21,743</u>

### 2. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Christmas fair	25,405	-	-	25,405
Other fundraising	(57)	-	-	(57)
Estate and rental income	74,748	-	-	74,748
Ancillary income	36,490	-	-	36,490
	<u>136,586</u>	<u>-</u>	<u>-</u>	<u>136,586</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Christmas fair	27,404	-	-	27,404
Other fundraising	33	-	-	33
Estate and rental income	84,558	-	-	84,558
Ancillary income	67,262	-	-	67,262
	<u>179,257</u>	<u>-</u>	<u>-</u>	<u>179,257</u>

### 3. Income from investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Investment income	14,896	-	-	14,896
Bank interest	57	-	-	57
	<u>14,953</u>	<u>-</u>	<u>-</u>	<u>14,953</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Income from investments (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Investment income	14,311	-	-	14,311
Bank interest	914	-	-	914
	<u>15,225</u>	<u>-</u>	<u>-</u>	<u>15,225</u>

### 4. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Tuition fees	4,031,149	-	-	4,031,149
Reduced fee contracts	(686,303)	-	-	(686,303)
Chargeable disbursements	12,277	-	-	12,277
Lunches and catering income	63,239	-	-	63,239
	<u>3,420,362</u>	<u>-</u>	<u>-</u>	<u>3,420,362</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Tuition fees	4,179,091	-	-	4,179,091
Reduced fee contracts	(659,912)	-	-	(659,912)
Chargeable disbursements	75,736	-	-	75,736
Lunches and catering income	108,132	-	-	108,132
	<u>3,703,047</u>	<u>-</u>	<u>-</u>	<u>3,703,047</u>

### 5. Other income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Coronavirus UK Government support	471,641	-	-	471,641
	<u>471,641</u>	<u>-</u>	<u>-</u>	<u>471,641</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Coronavirus UK Government support	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Raising funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Ancillary expenditure	6,148	-	-	6,148
Salary costs of raising funds	22,746	-	-	22,746
Christmas fair and other fundraising costs	9,875	-	-	9,875
Finance costs	72,305	-	-	72,305
Bad debts and provision for bad debts	777	-	-	777
	<u>111,851</u>	<u>-</u>	<u>-</u>	<u>111,851</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Ancillary expenditure	19,224	-	-	19,224
Salary costs of raising funds	22,590	-	-	22,590
Christmas fair and other fundraising costs	6,515	-	-	6,515
Finance costs	21,171	-	-	21,171
Bad debts and provision for bad debts	(2,277)	-	-	(2,277)
	<u>67,223</u>	<u>-</u>	<u>-</u>	<u>67,223</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
<u>Education</u>				
Teachers salaries	2,162,411	-	-	2,162,411
Pension scheme deficit funding agreement	850,348	-	-	850,348
Staff training and development	164,758	-	-	164,758
Supplies and equipment	93,605	-	-	93,605
Chargeable disbursements cost	72,881	-	-	72,881
Boarding and EFL costs	-	-	-	-
Conference costs	-	-	-	-
Depreciation	3,782	-	-	3,782
Minibus costs	23,714	-	-	23,714
Minibus depreciation	231	-	-	231
	<u>3,371,730</u>	<u>-</u>	<u>-</u>	<u>3,371,730</u>
<u>Welfare</u>				
Catering salaries	51,456	-	-	51,456
Catering supplies and equipment	32,187	-	-	32,187
Medical salaries	25,425	-	-	25,425
Medical	2,929	-	-	2,929
	<u>111,997</u>	<u>-</u>	<u>-</u>	<u>111,997</u>
<u>Premises</u>				
Health and safety	12,966	-	-	12,966
Estate salaries	202,876	-	-	202,876
Property maintenance	92,247	-	-	92,247
Light and heat	88,833	-	-	88,833
Insurance	56,531	-	-	56,531
Cleaning	11,671	-	-	11,671
Rates & water	49,931	-	-	49,931
Buildings depreciation	-	-	-	-
	<u>515,055</u>	<u>-</u>	<u>-</u>	<u>515,055</u>
<u>Support costs</u>				
Administration salaries	399,851	-	-	399,851
Telephone and postage	7,083	-	-	7,083
Printing and stationery	7,747	-	-	7,747
Communications and PR	(121)	-	-	(121)
Insurance	6,260	-	-	6,260
Office equipment and IT	46,213	-	-	46,213
Legal and professional fees	92,931	-	-	92,931
Subscriptions	19,290	-	-	19,290
General admin expenses	12,336	-	-	12,336
Depreciation	6,211	-	-	6,211
Governance costs (see note 8)	30,409	-	-	30,409
	<u>628,210</u>	<u>-</u>	<u>-</u>	<u>628,210</u>
	<u>4,626,992</u>	<u>-</u>	<u>-</u>	<u>4,626,992</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Charitable activities (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
<u>Education</u>				
Teachers salaries	2,156,126	-	-	2,156,126
Pension scheme deficit funding agreement	257,242	-	-	257,242
Staff training and development	115,141	-	-	115,141
Supplies and equipment	117,864	-	-	117,864
Chargeable disbursements cost	131,516	-	-	131,516
Boarding and EFL costs	43,716	-	-	43,716
Conference costs	3,726	-	-	3,726
Depreciation	3,952	-	-	3,952
Minibus costs	41,160	-	-	41,160
Minibus depreciation	372	-	-	372
	<u>2,870,815</u>	<u>-</u>	<u>-</u>	<u>2,870,815</u>
<u>Welfare</u>				
Catering salaries	61,437	-	-	61,437
Catering supplies and equipment	65,575	-	-	65,575
Medical salaries	29,268	-	-	29,268
Medical	3,097	-	-	3,097
	<u>159,377</u>	<u>-</u>	<u>-</u>	<u>159,377</u>
<u>Premises</u>				
Health and safety	6,522	-	-	6,522
Estate salaries	181,459	-	-	181,459
Property maintenance	96,934	-	-	96,934
Light and heat	85,942	-	-	85,942
Insurance	45,633	-	-	45,633
Cleaning	24,230	-	-	24,230
Rates & water	39,325	-	-	39,325
Buildings depreciation	-	-	-	-
	<u>480,045</u>	<u>-</u>	<u>-</u>	<u>480,045</u>
<u>Support costs</u>				
Administration salaries	403,457	-	-	403,457
Telephone and postage	8,757	-	-	8,757
Printing and stationery	12,326	-	-	12,326
Communications and PR	19,670	-	-	19,670
Insurance	4,458	-	-	4,458
Office equipment and IT	60,303	-	-	60,303
Legal and professional fees	138,526	-	-	138,526
Subscriptions	5,691	-	-	5,691
General admin expenses	12,757	-	-	12,757
Depreciation	7,275	-	-	7,275
Governance costs (see note 8)	20,058	-	-	20,058
	<u>693,278</u>	<u>-</u>	<u>-</u>	<u>693,278</u>
	<u>4,203,515</u>	<u>-</u>	<u>-</u>	<u>4,203,515</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Governance costs

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Salaries	10,000	-	-	10,000
Auditors' fees - current year	9,900	-	-	9,900
Council expenses	10,509	-	-	10,509
	<u>30,409</u>	<u>-</u>	<u>-</u>	<u>30,409</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Salaries	10,000	-	-	10,000
Auditors' fees - current year	9,000	-	-	9,000
Council expenses	1,058	-	-	1,058
	<u>20,058</u>	<u>-</u>	<u>-</u>	<u>20,058</u>

### 9. Fees payable to independent auditors

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Auditors' remuneration - current year	<u>9,900</u>	<u>-</u>	<u>-</u>	<u>9,900</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £
Auditors' remuneration - current year	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>

### 10. Staff costs and information

	2020 Total £	2019 Total £
Gross wages	2,569,023	2,606,374
Employer's national insurance costs	199,578	199,123
Pension costs	72,393	60,973
Termination payments*	30,000	4,748
	<u>2,870,994</u>	<u>2,871,218</u>

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

	2020	2019
Staff numbers:		
Average head count	<u>130</u>	<u>153</u>

During the year under review one employee (2019: two employees) received employee benefits (excluding employer pension costs) of more than £60,000 in the range £80,000 to £90,000 (2019: £60,000 to £70,000).

The pension costs charge above has been charged to the Statement of Financial Activities. Pension contributions outstanding at the balance sheet date totalled £45,280 (2019: £9,641).

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 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:

	2020			2019		
	Salary £	National insurance £	Pension £	Salary £	National insurance £	Pension £
W Forward	500	-	-	11,192	435	197
V King	34,585	3,134	1,103	30,024	2,623	636
	<u>35,085</u>	<u>3,134</u>	<u>1,103</u>	<u>41,217</u>	<u>3,058</u>	<u>833</u>

During the year under review remuneration for spouses and children of trustees amounted to £33,395 (2019: £30,749). In addition national insurance contributions totalling £1,015 (2019: £1,020) and pension contributions totalling £718 (2019: £327) 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 national insurance contributions and employer pension contributions, received by the school's ten (2019: eight) key management personnel amounted to £376,050 (2019: £327,022) during the year under review. In addition to these employee benefits one member of key management personnel received termination benefits of £30,000.

During the year three (2019: two) of the school's key management personnel received staff discounts in relation to their children's school fees of £30,683 (2019: £30,241) and sibling discounts of £1,235 (2019: £2,304). These discounts were received on the same terms in relation to discounts given to teachers and siblings without key management personnel status. At the balance sheet date £2,332 was outstanding.

No trustees (2019: two trustees) had expenses reimbursed or paid on their behalf for travel and training (2019: £795) in the year under review. In the same period £nil (2019: £nil) was received from the trustees for rent together with £nil (2019: £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 (2019: six) members of key management personnel for travel and training totalled £355 (2019: £2,387) in the year under review.

	2020 £	2019 £
Tuition fees charged to 6 (2019: 4) Parent Trustees inclusive of discounts amounted to	<u>52,624</u>	<u>31,869</u>

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

J Cohen  
H Hebrank  
E Maslen  
V King  
B Ozgen  
T Souleiman

Tuition fees are charged on normal commercial terms, except for teacher trustees who, as with all teachers, receive a 80% (2019: 80%) discount after other discounts on a pro-rata basis. Total staff discount for trustees in the year was £10,440 (2019: £10,136). Other discounts, inclusive of sibling and reduced fees, were provided on the same basis as those to other parents amounted to £7,690 (2019: £nil). Extras are charged in full and amounted to £2,809.

Outstanding fees and extras charges from trustees at the year end was £6,850 (2019: £211).

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Tangible fixed assets

	School site £	Machinery & office equipment £	Fixtures & fittings £	Motor vehicles £	Classroom equipment £	Total £
Cost						
Brought forward	7,789,318	393,046	283,714	40,968	308,366	8,815,412
Additions	9,249	-	1,008	-	-	10,257
Disposals	-	-	-	(19,064)	-	(19,064)
	<u>7,798,567</u>	<u>393,046</u>	<u>284,722</u>	<u>21,904</u>	<u>308,366</u>	<u>8,806,605</u>
Depreciation						
Accumulated brought forward	-	375,565	257,573	39,849	276,909	949,896
Charge	-	3,497	2,715	231	3,781	10,224
On disposals	-	-	-	(18,873)	-	(18,873)
	<u>-</u>	<u>379,062</u>	<u>260,288</u>	<u>21,207</u>	<u>280,690</u>	<u>941,247</u>
Net book value carried forward	<u>7,798,567</u>	<u>13,984</u>	<u>24,434</u>	<u>697</u>	<u>27,676</u>	<u>7,865,358</u>
Net book value brought forward	<u>7,789,318</u>	<u>17,481</u>	<u>26,141</u>	<u>1,119</u>	<u>31,457</u>	<u>7,865,516</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.

### 13. Investments

	2020 £	2019 £
<b>Listed investments</b>		
Market value brought forward	445,961	419,739
Additions at cost	-	-
Disposals at carrying value	-	-
Gains/(losses) on revaluation	(21,166)	26,222
<b>Market value carried forward</b>	<u>424,795</u>	<u>445,961</u>
<i>The investments above are analysed as follows:</i>		
Listed investments	133,870	158,571
Unit trusts and similar investments	<u>290,926</u>	<u>287,391</u>
	<u>424,796</u>	<u>445,962</u>

### 14. Assets held for sale

	2020 £	2019 £
Property for sale	<u>710,000</u>	<u>710,000</u>
	<u>710,000</u>	<u>710,000</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Debtors

	2020 £	2019 £
Fees outstanding	976,662	580,275
Fee provision	(318,000)	(318,000)
Prepayments	76,026	95,303
Other debtors	162,147	5,971
	<u>896,835</u>	<u>363,549</u>

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

	2020 £	2019 £
Bank overdraft	-	108,504
Loans	71,763	32,761
Trade creditors	69,213	187,848
Fees in advance	-	39,464
Deposits from parents	40,982	40,982
Other creditors and accruals	436,346	267,020
	<u>618,304</u>	<u>676,579</u>

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

	2020 £	2019 £
Loans	1,173,063	422,313
	<u>1,173,063</u>	<u>422,313</u>

One bank loan, with a year end balance of £420,994, is secured over several of the school's freehold properties and is repayable over a period of 25 years from August 2005. A new loan in the year with an outstanding balance of £483,832 is secured against the building held for sale shown in note 14. The remaining balance of loans is unsecured.

### 18. Defined benefit pension scheme liability

	2020 £	2019 £
Brought forward	3,343,864	3,265,783
Payments made	(185,700)	(179,161)
Charge to statement of financial activities	850,348	257,242
Carried forward	<u>4,008,512</u>	<u>3,343,864</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. More information regarding the pensions scheme can be found in note 22.

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2020 Total funds £	2019 Total funds £
Tangible assets	-	7,213,358	-	652,000	7,865,358	7,865,516
Investments	17,058	116,811	-	290,926	424,795	445,961
Current assets	1,809,712	-	9,507	-	1,819,219	1,153,037
Creditors: <1 year	(618,304)	-	-	-	(618,304)	(676,579)
Creditors: >1 year	(1,173,063)	-	-	-	(1,173,063)	(422,313)
Pension scheme deficit	-	(4,008,512)	-	-	(4,008,512)	(3,343,864)
<b>Net assets at 31 July 2020</b>	<b>35,403</b>	<b>3,321,657</b>	<b>9,507</b>	<b>942,926</b>	<b>4,309,493</b>	<b>5,021,758</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	287,391	-	-	3,535	-	290,926
<b>Total endowment funds</b>	<b>939,391</b>	<b>-</b>	<b>-</b>	<b>3,535</b>	<b>-</b>	<b>942,926</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>9,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,507</b>
<b>Designated and general funds</b>						
WO Field bequest	136,440	-	-	(19,629)	-	116,811
Pension deficit (see note 18)	(3,343,864)	-	(850,348)	-	185,700	(4,008,512)
Fixed asset reserve (see note 12)	7,213,516	-	(10,226)	-	10,068	7,213,358
Total designated funds	4,006,092	-	(860,574)	(19,629)	195,768	3,321,657
General reserves	66,768	4,047,744	(3,878,269)	(5,072)	(195,768)	35,403
<b>Total unrestricted funds</b>	<b>4,072,860</b>	<b>4,047,744</b>	<b>(4,738,843)</b>	<b>(24,701)</b>	<b>-</b>	<b>3,357,060</b>
<b>Total funds</b>	<b>5,021,758</b>	<b>4,047,744</b>	<b>(4,738,843)</b>	<b>(21,166)</b>	<b>-</b>	<b>4,309,493</b>

#### Restricted funds

ESCC Grant received 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 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Transfer between funds

From	To	Unrestricted Funds	
		General £	Designated £
<i>Transfer 1</i>			
General fund	Pension deficit	(185,700)	185,700
		<u>(185,700)</u>	<u>185,700</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	(10,068)	10,068
		<u>(10,068)</u>	<u>10,068</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 £185,700 (2019: £179,161). These payments are allocated to the provision shown in note 18 to these accounts with a charge to the Statement of Financial Activities of £850,348 (2019 charge: £257,242) 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:

	2020 Total Funds £	2019 Total Funds £
<i>Financial assets</i>		
Measured at fair value through net income/(expenditure):		
Fixed asset investments (note 13)	<u>424,795</u>	<u>445,961</u>
	<u>424,795</u>	<u>445,961</u>
Debt instruments measured at amortised cost:		
Trade debtors (note 15)	<u>976,662</u>	<u>580,275</u>
	<u>976,662</u>	<u>580,275</u>
<i>Financial liabilities</i>		
Measured at amortised cost:		
Trade creditors (note 16)	69,213	187,848
Bank loan (notes 16 and 17)	<u>1,244,826</u>	<u>455,074</u>
	<u>1,314,039</u>	<u>642,922</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Financial instruments (continued)

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

	2020 Total Funds £	2019 Total Funds £
<i>Income and expense</i>		
Financial assets measured at fair value through net income/(expenditure)		
Investment income	14,896	14,311
	<u>14,896</u>	<u>14,311</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	(21,166)	26,222
	<u>(21,166)</u>	<u>26,222</u>

### 24. Operating leases

At the balance sheet date the school had total future minimum lease payments under non-cancellable operating leases payable as follows:

	Office equipment £	Vehicles £	2020 Total £	Office equipment £	Vehicles £	2019 Total £
In less than one year	-	16,315	16,315	1,629	16,315	17,944
In more than one year less than five year	-	16,315	16,315	-	16,315	16,315
More than five years	-	23,113	23,113	-	39,428	39,428
	<u>-</u>	<u>55,743</u>	<u>55,743</u>	<u>1,629</u>	<u>72,058</u>	<u>73,687</u>

### 25. Analysis of changes in net debt

	2018 £	Cash flows £	2019 £	Cash flows £	2020 £
Long term borrowings	488,769	(33,695)	455,074	789,752	1,244,826
Short term borrowings	-	108,504	108,504	(108,504)	-
Total liabilities	<u>488,769</u>	<u>74,809</u>	<u>563,578</u>	<u>681,248</u>	<u>1,244,826</u>
Cash and cash equivalents	(447,564)	368,076	(79,488)	(132,896)	(212,384)
Total net debt	<u>41,205</u>	<u>442,885</u>	<u>484,090</u>	<u>548,352</u>	<u>1,032,442</u>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Comparative Statement of Financial Activities and Analysis of movement in funds

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2019 Total Funds £		
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies	1	21,743	-	-	21,743		
Other trading activities	2	179,257	-	-	179,257		
Investments	3	15,225	-	-	15,225		
Charitable activities	4	3,703,047	-	-	3,703,047		
Other	5	-	-	-	-		
<b>Total</b>		<b>3,919,272</b>	<b>-</b>	<b>-</b>	<b>3,919,272</b>		
<b>EXPENDITURE ON:</b>							
Raising funds	6	67,223	-	-	67,223		
Charitable activities	7	4,203,515	-	-	4,203,515		
<b>Total</b>		<b>4,270,738</b>	<b>-</b>	<b>-</b>	<b>4,270,738</b>		
Net gains/(losses) on investments	13	(1,001)	-	27,223	26,222		
<b>Net income/(expenditure)</b>		<b>(352,467)</b>	<b>-</b>	<b>27,223</b>	<b>(325,244)</b>		
<b>Transfers between funds</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Net movement in funds</b>		<b>(352,467)</b>	<b>-</b>	<b>27,223</b>	<b>(325,244)</b>		
<b>RECONCILIATION OF FUNDS</b>							
<b>Total funds brought forward</b>	<b>20</b>	<b>4,425,327</b>	<b>9,507</b>	<b>912,168</b>	<b>5,347,002</b>		
<b>Total funds carried forward</b>	<b>20</b>	<b>4,072,860</b>	<b>9,507</b>	<b>939,391</b>	<b>5,021,758</b>		
		<b>Brought forward £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>Unrealised gains/ (losses) £</b>	<b>Transfers £</b>	<b>Carried forward £</b>
<b>Permanent endowment funds</b>							
Permanent Endowment Fund		652,000	-	-	-	-	652,000
Endowment Recoupment Fund		260,168	-	-	27,223	-	287,391
<b>Total endowment funds</b>		<b>912,168</b>	<b>-</b>	<b>-</b>	<b>27,223</b>	<b>-</b>	<b>939,391</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>9,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,507</b>
<b>Designated and general funds</b>							
WO Field bequest		137,870	-	-	(27)	(1,403)	136,440
Pension deficit (see note 18)		(3,265,783)	-	(257,242)	-	179,161	(3,343,864)
Fixed asset reserve (see note 12)		6,969,421	-	(11,599)	-	255,694	7,213,516
<b>Total designated funds</b>		<b>3,841,508</b>	<b>-</b>	<b>(268,841)</b>	<b>(27)</b>	<b>433,452</b>	<b>4,006,092</b>
General reserves		583,819	3,919,272	(4,001,897)	(974)	(433,452)	66,768
<b>Total unrestricted funds</b>		<b>4,425,327</b>	<b>3,919,272</b>	<b>(4,270,738)</b>	<b>(1,001)</b>	<b>-</b>	<b>4,072,860</b>
<b>Total funds</b>		<b>5,347,002</b>	<b>3,919,272</b>	<b>(4,270,738)</b>	<b>26,222</b>	<b>-</b>	<b>5,021,758</b>

# MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

## NOTES TO THE FINANCIAL STATEMENTS

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### 27. Post balance sheet events and going concern

At the balance sheet date the school's net debt position was £1,032,442, up from £484,090 at the comparative year end.

At the balance sheet date the school had been operating under UK Government guidelines in response to the COVID-19 pandemic which continues a significant detrimental impact on the social and financial economies of the world. The restrictions imposed by the UK Government significantly impacted the operations of the school for which the school established alternative distance learning facilities for its pupils in order to continue the provision of education.

In the period since the year end, due to falling infection rates, an easing restrictions has with the school anticipated to be returning to a semblance of normality for the autumn term in September 2021.

Throughout this period the school's management has implemented steps to improve the cash flow of the school to safeguard the ability to continue as a going concern with significant funds required to be invested into the estate's buildings to allow for their continued use and reintroduction into use and the scheduled payments under the pension scheme deficit arrangement continues to be a drain on the school's cash resources.

The school made use of the Coronavirus Job Retention Scheme (CJRS), reducing fixed staffing costs, and successfully applied for a loan under the Coronavirus Business Interruption Loan Scheme (CBILS) of £340,000 and opened a new mortgage to aide cash flow leading to the increased net debt position. In September 2020 the sale of a property was completed with the proceeds on sale satisfying one of the mortgages and provided working capital.

The trustees believe the steps taken in reducing costs, the sale of the property and prudent business plan provides assurances over the schools status as a going concern and no material uncertainty exists.