

MICHAEL HALL SCHOOL

Trustees Report

and Financial Statements

for the year ended 31 July 2022

Registered Charity Number 307006

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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REFERENCE AND ADMINISTRATIVE DETAILS

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 Angus	(Parent)	(appointed 27 May 2022)
M Hindler	(Independent)	(appointed 10 January 2020)
L Lines	(Independent)	(appointed 3 February 2021)
E Maslen	(Parent)	(appointed 13 November 2019)
T Michaels	(Parent)	(appointed 23 November 2020)
T Souleiman	(Parent)	(appointed 9 December 2019)
J Sharpe	(Independent, Chair from 16/10/20 to 21/02/21)	(resigned 21 February 2021)
S Rafferty	(Independent, Chair to 16/10/20)	(resigned 16 October 2020)
H Hebrank	(Parent)	(resigned 11 September 2021)
V King	(Teacher)	(resigned 11 September 2021)
S Kirby	(Independent)	(resigned 31 August 2022)
M Macdonald	(Teacher)	(resigned 11 September 2021)
B Ozgen	(Parent)	(resigned 16 November 2020)

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 (throughout year to end of academic year 2021/22 unless stated otherwise)

P Farr	Principal (to March 2021)
E Hawker	Acting Principal (from March 2021)
M Fielding	Early Years Faculty Chair (to July 2021)
R Ford-Blanchard	Early Years Assistant Principal (from 1 January 2022)
M Devaris	Upper School Assistant Principal
R Siddons	Upper School Assistant Principal (to March 2021)
J Courtenay	Lower School Assistant Principal
L James	Business Manager
J Phillips	SENDCO
C Parker	Designated Safeguarding Lead (from 4 November 2021)

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

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REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Ellis Whittham Limited
Woodhouse
Aldford
Chester
Cheshire
CH3 6JD

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

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REPORT OF THE TRUSTEE

The Board of Directors of Michael Hall School Limited, as the Trustee of Michael Hall School 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 2022. The Directors 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

1.1 Context

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 Trust company dated 25 September 1954 as revised. The company was established to act as a trustee of the Michael Hall School trust, a charitable trust that operates a school in Forest Row, East Sussex. The purpose of the Trust is to provide for, and conduct, the education of children in accordance with the principles and methods of Rudolf Steiner. The sole trustee of Michael Hall School for the purposes of charity law is Michael Hall School Limited.

Michael Hall School Limited is controlled by its Board of Directors whose members are appointed or removed by Association of Company Members. The Board of Directors are known as the "Council of Trustees". The Directors are referred to as "Trustees" and hold portfolio responsibilities that map onto the school's priorities and refer 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 introduced the activities of the charity by the existing Board and School's senior staff. New Trustees are inducted through a process which incorporates training in various relevant areas including Health and Safety, Safer Recruitment, Safeguarding and Child Protection.

Trustees are provided with training as and when required and there is an annual training plan for Trustees which sits alongside the School's development plan. A comprehensive schedule of monitoring visits has been introduced this academic year, to enable Trustees to hold leaders to greater account for all strategic development and post-Ofsted priorities.

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 the Summer Term 2022 the decision was made to create two leadership roles at the school.

1.2 Risk Management

The Trustees have assessed the significant risks to which the charity is exposed.

1.3 Ofsted and ISS Inspections

Following the most recent full Ofsted inspection, the greatest risk facing the school remains the current Ofsted rating and its potential impact on pupil numbers. Although many of our parent body do not subscribe to Ofsted as an important indicator of a child's success at school, there can be no doubt that it has had an impact on our pupil numbers, which are lower than optimal. 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.

In October 2022, Ofsted conducted their most recent inspection, including an assessment of the School's performance against the Independent Schools Standards (ISS). The School now holds a 'Requires Improvement' Ofsted grading which, although an improvement, still necessitates further focus on the five key areas for improvement identified.

These five Key Performance Indicators are:

- KP1: Improving our provision for children with additional special needs across the school
- KP2: Ensuring our transition from the Kindergarten to Class 1 retains a challenging and inspirational curriculum experience for every child
- KP3: Ensuring greater consistency and confidence at all levels of leadership, including middle leaders and subject leads

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- KP4: Extending our current Careers provision to Class 6-8
- KP5: Reviewing our current behaviour policy and practice to minimise disruption through low level behaviours across the school

The inspection noted that the following areas are now deemed to meet the threshold for 'Good':

- Behaviour and Attitudes
- Personal Development
- Early Years Provision
- Sixth-form Provision

The School failed to meet the ISS standards during this inspection. The two areas identified for this were:

- Leadership and management of SEND (Special Educational Needs and Disabilities)
- Quality of educational provision for children with additional special needs

The School has a comprehensive Post Ofsted Action Plan (POAP), which has been approved by the SWSF and Trustees. In addition, the School's ISS Action Plan was approved by the Department for Education in May 2023. Both plans are updated regularly and used to hold leaders to account for progress against the strategic priorities.

The School anticipates a monitoring visit to ensure that we are on track with our action plans during the Summer term of 2023, followed by full inspection during the Autumn 2024, two years after our previous inspection.

The School continues to work closely with the Steiner Waldorf Schools Fellowship (SWSF), and relationships between Ofsted and the SWSF have seen significant improvements in the outcomes of other Steiner Waldorf organisations' recent Ofsted inspections. The School's relationship with the SWSF is strong, and the two organisations move together in partnership, with positive Ofsted relationships and outcomes being a key area of focus.

The SWFS continue to offer training to all staff, support to Senior Leaders and training to Ofsted in line with Steiner Waldorf education. This alignment is anticipated to have a positive effect on future Ofsted inspections for all schools within the UK Movement.

1.4 School Reputation

The Trustees are mindful not least, until the School's Ofsted inspection grade improves to 'Good' or 'Outstanding', that we must work hard to bring new families to the community and communicate all that a Waldorf education has to offer as well as to retain our existing families. The School is launching a new website (see below) and has a far greater presence on social media platforms than ever before. Access to the children's learning, festivals and all other aspects of school life are promoted widely and this offers us a strong basis for marketing and promoting the School in a variety of ways. We continue to monitor these sites for any negative comments or feedback from individual parents, and approach these parents directly to see if we can help to resolve their issue. Should such behaviours continue to bring the School's reputation into disrepute, there are sanctions outlined in our newly created Parent Code of Conduct.

1.4.a Website

We are confident that the introduction of the new school website will present the School in a fresh, modern light, while still firmly grounded in Steiner principles of education and Anthroposophy. This will include a fundraising page and a donate button, making it easier for interested parties to donate to the School. Online ticketing will also be introduced which will increase ticket sales for the School's events. Our newsletter on the website also includes a paid advertising section for the community.

1.5 Finances

Other risks that Trustees carefully monitor relate to the specific operational areas of the charity and its finances. The Trustees closely monitor reserve levels, ensure controls exist over critical financial systems, and examine the operational and business risks faced by the charity. A comprehensive strategic plan for the business has been agreed, which sets out a range of desirable reinvestment opportunities for growing the fabric of the school and improving its offering and commercial performance to ensure an upturn in the organisation's financial security.

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Debt from unpaid fees continues on the downward trajectory as payment plans come to an end and a stringent credit control policy remains in place with cash collection over 97% of fees outstanding.

The school offers an extensive fee assistance programme, based on a means-tested method, and during the course of the 2022-23 academic year, 40 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. The school is now entering the 3rd year of a 3-year journey in reforming the fee assistance programme thus ensuring the breadth and sustainability of this programme by so doing.

An allocation of 10% of gross fee income has been set as a maximum fee assistance budget (previously 20%). This is distributed to families on a means tested basis on an objective basis and assessed with the support of a third party company, under a new clear Fee Assistance Policy. The policy has also reduced the extent of individual fee assistance offered from 60% in 2021/22 to 45% in 2022/23 and will reduced further to 30% in 2023/24 to ensure the programme offers a wider range of assistance as possible but within the more sustainable parameters established. An additional discretionary bursary is available from which the Principal can support families at their discretion (again, subject to the overall budgetary restriction of 10% of fees).

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 this objective 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 this objective, the Trustees have had regard to the Charity Commission's guidance on public benefit.

The charity offers an education to children from 3 years through to 18 and fees from this represent over 90% of the charity's income. Fees continue to be the main driver of income, but this year's appointment of a Marketing and Admissions Manager is already addressing the needs of the school by boosting pupil numbers and beginning to market the school to its full potential.

Taking its inspiration from Rudolph Steiner, the School's curriculum is delivered with age-appropriate awareness, which 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 Steiner Waldorf curriculum portfolio.

The objective is further secured through:

- An expectation of exceptional teaching and learning, within the Steiner Waldorf tradition, that celebrates diversity and promotes inclusivity;
- Regular opportunities for collaborative, high quality CPD to ensure consistent and best practice;
- The promotion of the highest standards of behaviour, achieved through clear expectations and positive relationships within the school community;
- The unique character of the School;
- Shared whole School values of dignity, respect, celebration and ambition for all;
- The School as a hub for its local community and families;

Networking within the wider Steiner Waldorf community through forging strong links with the Fellowship and other Schools within the Movement

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ACHIEVEMENTS AND PERFORMANCE

3.1 Context

The 2022/23 academic year has seen some significant changes in the School's leadership team, with the appointment of both an experienced new School Principal and a new School Business Manager, and the creation of a new senior leadership role: the Director of Studies. While this team continues to be embedded, the School's drive towards even better outcomes has also continued.

The annual programme of cultural events, festivals, trips and residential has enriched the curriculum for children of all ages. Immersive learning experiences are evident in abundance and colleagues' creative approaches to delivering the curriculum are a source of inspiration.

At the time of writing, our Upper School students are halfway through their end of year exams. The Head of Centre and Exams Officer have been commended by the JCQ for their preparation as part of the external moderation process.

3.2 Exam Results

3.2.a GCSE Results July 2022

Exams graded 9 - 1												
SUBJECT	No. of students	9	8	7	6	5	4	3	2	1	U	% grade 4 or above
Art	13	3	3	3	2	1	1					100%
Drama	17		1	1	3	5	2	4	1			71%
English Language	29	1	1	4	6	6	5	6				79%
French	5	1	3		1							100%
Geography	3						2		1			67%
German	5	2	1	1			1					100%
History	9	1			3	3			2			78%
Maths	30		4		6	4	8	5	3			73%
Science Double Award	28	3	5	4	2	3	4	4			3	75%
Science Double Award	28	1	6	3	2	4	4	4	1		3	71%
Psychology	12	1	2		3	1	1	3		1		67%
Spanish	5	1			2		1				1	80%
TOTALS	184	14	26	16	30	27	29	26	8	1		

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3.2.b A-Level Results July 2022

SUBJECT	No. of students	A*	A	B	C	D	E	U	% A - C
Biology	3				2	1			67%
Economics	1		1						100%
Drama & Theatre	5		2		1	1		1	60%
English Literature	3	1	1	1					100%
Fine Art	4	1		3					100%
Geography	4	1	1		2				100%
French	1	1							100%
Maths	3			1	1		1		67%
Photography	8	2		3	1	1	1		75%
History	3			1	1		1		67%
Psychology	5		1		3	1			80%
Spanish	2		1	1					100%
Product Design	3					1	1	1	0%
Extended Project	4	1	1	1				1	75%
TOTALS	49	7	8	11	11	5	4	3	

STATISTICS

Pupils gaining A* - A	31%
Pupils gaining A* - B	53%
Pupils gaining A* - C	76%
Overall pass rate	94%

Exam results in both GCSEs and A-Levels saw steady results similar to those in 2021. This demonstrates our ability to combine both the Steiner curriculum and achieve academic results.

3.3 Internal Progress and Attainment

Our systems for tracking and monitoring pupil progress and attainment for all internal year cohorts have improved significantly this year, since the arrival of the new School Principal. A programme of termly pupil progress meetings enable staff to feel confident that they are meeting the needs of every child in their care, with support from appropriate colleagues, such as senior school leaders and the learning support team.

Senior Leaders currently analyse the assessment data, to ensure that academic performance targets are accurate and that students remain on track. This work will continue to be delegated to core Subject Leads over the course of the next academic year as part of their continuing professional development in role.

There is a greater sense of accountability and autonomy for the progress data that is being produced and this programme will continue to be developed across the School in greater depth next year.

3.4 Staff Numbers

Staff numbers have remained stable through the course of the year which shows robust recruitment. The resignations that have been made have not all been replaced in a like for like role. There has been consideration regarding re deployment of existing staff and amalgamating roles and therefore reducing cost. There are no plans for a significant increase in staff numbers at present. There has been a restructure of the Site Team resulting in predicted increased efficiency in the coming months.

3.5 Pupil Numbers

Pupil numbers have started to rise slowly this year with our number of pupils on roll currently standing at 393. New regular open days have been introduced this year and, based on the feedback and comments from attendees and school colleagues at these events, as well as a comprehensive evaluation of the applications received as a result,

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an even more targeted programme of similar open day sessions is planned for next year. Consistently high interest has demonstrated an appetite for places at the School every term since September 2022.

A significant branding and marketing campaign in 2023-24, as well as our new school website, will increase the online visibility of the School and we are confident that this will drive pupil numbers on our roll to remaining consistently above 400.

Exit interviews for outgoing pupils have been reinstated, with decisions to leave Michael Hall being logged and monitored for trends. This allows for positive action to be taken when any pattern emerges.

Our upward trajectory in recent Ofsted inspections, along with our open communication and transparency in our plans to address all identified priority areas, are also driving up pupil numbers, as more parents are feeling positive about the School's sustainable future as an education setting. In some cases, families have demonstrated their improved confidence by returning to the School.

Fees are being reviewed to bring them in line with other schools. This, in turn, with the reduction in fee assistance, will boost revenue significantly.

Each of these aspects contributes to our confidence in our projected budget plan for 2023/24.

3.6 Estate and Buildings

The Estates Manager continues to look into the rejuvenation of the school's buildings, and the longer-term strategic direction of the facilities and parkland grounds. A comprehensive plan of improvements and funding is being formulated in association with the Rural Payments Agency, Historic England, Natural England and the Forestry Commission, with an emphasis on two main aspects:

- Developing Educational opportunities in an increasing number of locations throughout the buildings and grounds;
- Protecting the listed buildings and parkland from inappropriate development, ensuring the longevity of the listed buildings and returning areas of the landscaped parkland to their original glory.

Relationships have been renewed with Table Hurst Farm, who are our tenant farmers, and throughout the local business and village community, which has helped to support many School events and continues to improve our standing within Forest Row. Community work-day projects hosted on-site have also increased awareness of the School to a wider market.

A comprehensive strategic business plan is in place to maximise the potential from the entire School site, which includes the following targeted elements:

- Wedding licence renewed for 4 years from May 2023, the renewal includes for the first-time external wedding ceremony locations, allowing anyone to be married on our mansion terraces or under the colonnade. We already have a confirmed 2024 wedding and will be running a wedding fair in the Summer/Autumn 2023.
- Property sales of the four ancillary residential dwellings are progressing well with three of the four now sold (STC). Whilst part of the expectation is to clear some historical debt from the sale of the assets a substantial amount of the realised sale income will directly be invested into the business, where a comprehensive development strategy will ensure maximum benefit from the sale.
- Lettings of all our facilities continue to increase pushed forward by the estate and lettings team. Bookings for external hire of the Theatre is up 30% on last year and we have retained all our historical bookings of the gym and studio spaces, even with an increase in lettings fees. We have been able to increase our offering of lettings availability over the summer holidays for the first time since 2020 and have incorporated external summer camps, performance companies and an international yoga retreat into our summer schedule.
- Planning applications are underway for a number of relevant projects for the School's development, with three identified as specifically important: the refurbishment of a former kindergarten room, the refurbishment of the upper floors of the Clock House building and the building of a new stand-alone Craft block to re-home Woodwork, Handwork, Metalwork and Joinery into a modern state of the art space.

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To support these elements and our School community in general, fundraising opportunities will feature on our new website and some of the projects to be considered are:

- Theatre auditorium rejuvenation and the creation of a new lobby and refreshment area, and toilet facilities, allowing us to host events comprehensively
- Library refurbishment
- Coffee/Refreshments catering trailer to increase income from events
- Creation of a woodland enterprise centre

3.7 Public Benefit

The Trustees acknowledge the duty to have due regard to the Charity's Commission's published General and relevant sub sector guidance on public benefit. We have referred to this guide when reviewing our aims, strategy and in planning future activities. All activities undertaken by the School are for the public benefit.

3.8 Investments and performance

A lot of work has gone into looking into the investments the school owns via shares. Issues have remained around access to these funds given the historical nature and issues regarding permanent endowments limiting the school's ability to form an investment policy, however, as market conditions seem to be deteriorating we are aware that the value of these share has decreased over the past 12 months and we are looking at options to release the funds to invest back into the school.

FINANCIAL REVIEW

During the year under review the school is reporting net income of £143,187 (2021 net income: £1,922,866) inclusive of a loss on investments of £17,252 (2021 gain: £75,803) and a net credit on the movement of the pension deficit provision of £302,520 (2021 credit: £1,961,404), giving an operating surplus of £430,477 (2021 operating loss: £114,341).

As at 31 July 2022, the charity's total reserves amounted to £6,375,546 (2021: 6,232,359) of which £995,982 (2021: £994,146) is held within endowment funds with a further £32,308 (2021: £32,3087) restricted leaving unrestricted funds of £5,347,256 (2021: £5,205,905). Within unrestricted funds are designated amounts totalling £5,969,518 (2021: £5,486,414) with funds represented by fixed assets amounting to £7,850,421 and a pension deficit position of £1,352,000 giving an overall deficit reserves position of -£622,262 (2021 reserves deficit: £280,509).

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. The Trustees recognise that school did not operate on a positive net cashflow basis with a cash outflow of £297,526 during the financial year (2021: £2,253). This is in part reflective of the Net Income deficit of £159,333 in the financial year before the benefit of gains in respect of the defined benefit pension schemes (2022: £302,520). 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 in excess of £1,300,000 will be freed from assets to form part of a detailed and carefully planned business rejuvenation strategy and to provide the funding support that the schools current operating performance requires during this turnaround. 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.

PLANS FOR FUTURE PERIODS and GOING CONCERN

The Trustees of Michael Hall School have formally assessed the Charity as a going concern. Through information submitted by the School's Principal and Operations Managers, including Finance, HR, Admissions and Estates,

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Trustees have critically appraised the school's financial position and are satisfied that the school will remain financially operational for the coming 12 months.

Pupil numbers remain the largest barrier to the school's finances, with numbers now steady (target 450). There is an uplift expected from this year's pupils on roll of 393 to an expected figure in excess of 400 in September 2023. Significant work is being directed to ensure a positive Ofsted outcome at the next monitoring inspection. Now the "inadequate" rating is removed from the school, the launch of a significant branding and marketing campaign, including the new website, to boost the image of the school and enhance pupil numbers further. In the meantime, significant work has been undertaken to ensure spending is brought in line with the current pupil numbers. There have been numerous strategies undertaken to ensure that the 3-year budget is balanced against income from fees (even with worst case pupil numbers). These include:

- Credit control continues to be a strong point with 98% of fees collected. Continued to be around this level for the rest of the 2022/23 school year. A robust zero tolerance is also being taken with older non-paying parents to address legacy issues in this respect with letters being issued for non-payment and termination of the educational contract should payments not be met and appropriate recovery action taken.
- A further review of the staffing structure is in place for the Summer of 2023 with key areas being looked at including the efficiencies of the site team and the wider SEN department (especially following the Ofsted report needing focus in this area)
- School fees have been uplifted by between 9 and 11% for the academic year 2023/24. This follows an increase of 7% for the academic year 2022/23 and whilst these increases reflect the ending of the low inflationary economic environment, they also begin to recognise the comparably low fees charged by the school relative to other local fee paying schools and the exceptional value that the school offers. Parents continue to be supportive of the need for such increases, and there has been minimal detrimental impact to pupil numbers as a result.
- The fee assistance policy continues to reduce parental reliance on reduced fees. By outsourcing the financial analysis to a 3rd party and reducing the maximum fee assistance level, the school can keep fee assistance budget within 10% of income from fees.
- From September 2022, staff discount for new staff has been reduced from 80% to 60%.
- A contingency plan is in place, should the pupil numbers not rise as expected, to reduce the size of the school and balance the income and costs to a sustainable long-term level. However, at present pupil numbers are rising and there is no need to restructure any part of the school. New exit interviews for key areas are planned to understand why we lose pupils at key points in the educational journey, such as GCSEs and A-Levels, to ensure we understand the reasons for any significant drop off at these points.
- The College of Teachers is considering the future of the Upper School curriculum to include possible accreditation for the Waldorf elements of our provision.
- Three of the four property sales of the four ancillary residential dwellings are now sold (STC).
- A detailed development plan will ensure the funds are carefully directed to development, whilst the operating budget will be drafted to balance without consideration of these additional funds.
- A programme to engage the alumni in financial support has been launched and will include endowment giving and regular donation options.
- Income from additional sources will be driven through lettings of the site and events such as Weddings and Theatre opportunities.
- The School is currently waiting on the outcome from the Department for Education regarding our application to bridge the gap between our 'Parent and Child Group' and Kindergarten classes. This would enable us to maximise the numbers of applications for Kindergarten and has proved to be highly successful in attracting and maintaining fee-paying families in other Steiner schools.

In respect of matters of significant since the balance sheet date, we are aware that the performance of our external catering contract, started in September 2022, has deviated from expectations. This has caused us to run a larger than expected deficit during the first year of working with this company. This has skewed our forecast by approximately £100k in the current financial year. Our robust financial monitoring has enabled us to pick this up early and we are currently exploring a range of options for the next school year to address this issue and ensure that it does not continue into the new financial year (23/24).

Whilst part of the expectation is to clear some historical debt from the sale of the assets, a comprehensive review to build a balanced budget for 2023-24 and beyond without the need to incorporate these asset sales. The increased

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revenue from pupils and lettings currently forecast will allow us to re-invest these funds back into the school recognising the investment and maintenance obligations that the wonderful historic estate of Michael Hall requires. They will be accompanied by robust cost control measures under the new senior management team members and operational performance changes to ensure we do not go into another deficit through the 2023/24 financial year.

Current forecasts for September 2023 onwards are based on prudent financial benchmarking, while regular, detailed analysis of the fees and a balanced budget for 2023/24 demonstrate a more manageable cash-flow projection.

Having reviewed the current financial data, Trustees are confident that predictions for financial improvements are sound, and are committed to developing a rigorous and comprehensive business plan to focus on marketing and retention to reach the target of 450 pupils on roll in 2 years' time. It is recognised that in order to underpin a healthy and resilient business model, the focus must be on pupil numbers and marketing, as well as clearing historic debt, to free up well earned cash and not a reliance on assets. Current plans anticipate a final, significant asset sale (over £1.3m) that can be carefully channelled into marketing, pupil retention and capitalising on the potential of the estate for income.

The Resources Committee, followed by the Full Trustee Board, meet termly to scrutinise data submitted by school leaders which include the following data sets:

- Cash flow forecasts
- Pupil number predictions
- Principal and School Business Manger Reports
- HR report and staffing salary KPIs - Continual review of affordable staffing levels
- Budget updates
- Strategic plans
- Health and Safety audits
- Outcomes of Financial Working Group
- Post Ofsted Action Plan (current strategic priority)
- School Improvement Plan (due to be created for 2023/24)

Given the critical analysis of all the data provided, combined with the current strategic plans for the growth of the business, Trustees are confident that the school will remain operational and financially viable for the next 12 months.

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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

REPORT OF THE TRUSTEE

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 07 August 2023
..... and signed on its behalf.

William Forward

.....
Trustee

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

INDEPENDENT AUDITOR'S REPORT

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 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 2022, and of its incoming resources and application of resources, including its income and expenditure, 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 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 related to going concern

We draw attention to note 26 in the financial statements, which indicates cash flow projections suggest significant doubt exists on the entity's ability to continue as a going concern without the successful sale of some of the school's property assets and implantation of other measures. As stated in note 26, these conditions, along with the other matters as set forth in note 26, 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 responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

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. The trustee is responsible for the other information contained within the financial statements. 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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts 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 trustees' report; or
- the charity has not kept adequate accounting records; or

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

INDEPENDENT AUDITOR'S REPORT

- the financial statements are not in agreement with the accounting records and returns; 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 trustee's responsibilities statement, the trustee is responsible for the preparation of the financial statements and for being satisfied that they 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 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.

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

Based on our understanding of the Charity and the sector in which it operates, we identified the principal laws and regulations that directly affect the financial statements to be the Charities Act, Employment Act, Independent Schools Standards. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. There is a limitation to areas most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

INDEPENDENT AUDITOR'S REPORT

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

Blue Spire limited

Blue Spire Limited, Statutory Auditor

Date 07 August 2023

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 2022

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £	2021 Total Funds £
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	1	2,827	-	-	2,827	31,259
Other trading activities	2	171,350	-	-	171,350	137,129
Investments	3	10,210	-	-	10,210	8,624
Charitable activities	4	3,208,809	-	-	3,208,809	3,069,639
Other	5	-	-	-	-	540,900
Total		<u>3,393,196</u>	<u>-</u>	<u>-</u>	<u>3,393,196</u>	<u>3,787,551</u>
EXPENDITURE ON:						
Raising funds	6	37,042	-	-	37,042	26,943
Charitable activities	7	3,498,235	-	-	3,498,235	3,874,949
Total		<u>3,535,277</u>	<u>-</u>	<u>-</u>	<u>3,535,277</u>	<u>3,901,892</u>
Net gains/(losses) on investments	13	(19,088)	-	1,836	(17,252)	75,803
Net income/(expenditure)		<u>(161,169)</u>	<u>-</u>	<u>1,836</u>	<u>(159,333)</u>	<u>(38,538)</u>
Transfers between funds	20	-	-	-	-	-
		<u>(161,169)</u>	<u>-</u>	<u>1,836</u>	<u>(159,333)</u>	<u>(38,538)</u>
Actuarial gains/(losses) on defined benefit pension schemes	18	302,520	-	-	302,520	1,961,404
Net movement in funds		<u>141,351</u>	<u>-</u>	<u>1,836</u>	<u>143,187</u>	<u>1,922,866</u>
RECONCILIATION OF FUNDS						
Total funds brought forward	20	5,205,905	32,308	994,146	6,232,359	4,309,493
Total funds carried forward	20	<u>5,347,256</u>	<u>32,308</u>	<u>995,982</u>	<u>6,375,546</u>	<u>6,232,359</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 2022

BALANCE SHEET AS AT 31 JULY 2022

	Note	2022		2021	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12	7,850,421		7,857,314	
Investments	13	<u>483,346</u>		<u>500,598</u>	
Total fixed assets			8,333,767		8,357,912
CURRENT ASSETS					
Assets held for sale	14	-		-	
Debtors	15	292,205		445,884	
Cash at hand and in bank		<u>267,825</u>		<u>661,678</u>	
Total current assets		560,030		1,107,562	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	16	<u>665,631</u>		<u>763,775</u>	
Net current assets/(liabilities)			(105,601)		343,787
Total assets less current liabilities			<u>8,228,166</u>		<u>8,701,699</u>
Creditors: amounts falling due after more than one year	17		(500,620)		(613,340)
Net assets/(liabilities) excluding pension asset/(liability)			<u>7,727,546</u>		<u>8,088,359</u>
Defined benefit pension scheme obligation	18		(1,352,000)		(1,856,000)
Total net assets			<u><u>6,375,546</u></u>		<u><u>6,232,359</u></u>
THE FUNDS OF THE CHARITY					
Endowment funds	20		995,982		994,146
Restricted funds	20		32,308		32,308
Unrestricted funds					
Designated funds	20	5,969,517		5,486,414	
General funds	20	<u>(622,261)</u>		<u>(280,509)</u>	
Total unrestricted funds			5,347,256		5,205,905
Total charity funds			<u><u>6,375,546</u></u>		<u><u>6,232,359</u></u>

The notes on pages 22 to 37 form part of the financial statements.

07 August 2023

The financial statements on pages 16 to 37 we approved and authorised for issue by the trustee on and signed on its behalf by:

William Forward

.....
Trustee

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

STATEMENT OF CASH FLOWS

	Note	2022		2021	
		£	£	£	£
Net cash flow from operating activities (see below)			(297,526)		2,253
Cash flow from investing activities					
Interest and dividends received		10,210		8,624	
Proceeds from sale of property		-		970,284	
Purchase of property, plant and equipment	12	-		-	
Net cash flow from investing activities			10,210		978,908
Cash flow from financing activities					
Receipts from issue of new loans		-		-	
Repayments of long term loans		(106,537)		(531,867)	
Net cash flow from investing activities			(106,537)		(531,867)
Net increase/(decrease) in cash and cash equivalents			(393,853)		449,294
Cash and cash equivalents at 1 August 2021			661,678		212,384
Cash and cash equivalents at 31 July 2022			<u>267,825</u>		<u>661,678</u>
Cash and cash equivalents consist of:					
Cash at bank and in hand	24		<u>267,825</u>		<u>661,678</u>
Cash and cash equivalents at 31 July 2022			<u>267,825</u>		<u>661,678</u>

Reconciliation of net income to net cash flow from operating activities

		2022		2021	
		£	£	£	£
Net income for the year			143,187		1,922,866
Adjusted for:					
Interest and dividends		(10,210)		(8,624)	
Interest paid		-		5,239	
(Gains)/losses on investments		17,252		(75,803)	
(Profit)/loss on disposal of tangible fixed assets		-		-	
(Profit)/loss on sale of property		-		(260,408)	
Depreciation and impairment of tangible fixed assets		6,893		8,044	
Decrease/(increase) in debtors		153,679		450,951	
Increase/(decrease) in creditors less than one year		(104,327)		112,500	
Increase/(decrease) in provisions for liabilities		(504,000)		(2,152,512)	
			(440,713)		(1,920,613)
			<u>(297,526)</u>		<u>2,253</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

ACCOUNTING POLICIES

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 £ except where marked.

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 obligation. More information is provided in the pension scheme policy below and in note 27.

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 2022

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 plan. A liability for the charity's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis.

Following an amendment to FRS 102 in respect of Multi - employer benefit plans, applicable for the first time in the comparative year, where a change in estimation technique resulted in material change to the value of the liability shown in the accounts.

This is not a change in accounting policy merely a change in estimation derived from using an actuarial basis instead of a discounted cashflow projection of future contributions.

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

ACCOUNTING POLICIES

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.

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 26 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 2022

NOTES TO THE FINANCIAL STATEMENTS

1. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Donations	2,827	-	-	2,827
Grants received	-	-	-	-
	<u>2,827</u>	<u>-</u>	<u>-</u>	<u>2,827</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Donations	31,259	-	-	31,259
Grants received	-	-	-	-
	<u>31,259</u>	<u>-</u>	<u>-</u>	<u>31,259</u>

2. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Christmas fair	16,435	-	-	16,435
Other fundraising	12,049	-	-	12,049
Estate and rental income	81,968	-	-	81,968
Ancillary income	60,898	-	-	60,898
	<u>171,350</u>	<u>-</u>	<u>-</u>	<u>171,350</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Christmas fair	65	-	-	65
Other fundraising	-	-	-	-
Estate and rental income	70,676	-	-	70,676
Ancillary income	66,388	-	-	66,388
	<u>137,129</u>	<u>-</u>	<u>-</u>	<u>137,129</u>

3. Income from investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Investment income	10,210	-	-	10,210
Bank interest	-	-	-	-
	<u>10,210</u>	<u>-</u>	<u>-</u>	<u>10,210</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

3. Income from investments (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Investment income	8,622	-	-	8,622
Bank interest	2	-	-	2
	<u>8,624</u>	<u>-</u>	<u>-</u>	<u>8,624</u>

4. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Tuition fees	3,493,218	-	-	3,493,218
Reduced fee contracts	(391,522)	-	-	(391,522)
Chargeable disbursements	107,113	-	-	107,113
Lunches and catering income	-	-	-	-
	<u>3,208,809</u>	<u>-</u>	<u>-</u>	<u>3,208,809</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Tuition fees	3,596,705	-	-	3,596,705
Reduced fee contracts	(583,976)	-	-	(583,976)
Chargeable disbursements	56,934	-	-	56,934
Lunches and catering income	(24)	-	-	(24)
	<u>3,069,639</u>	<u>-</u>	<u>-</u>	<u>3,069,639</u>

5. Other income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Gains on disposal of property held for sale	-	-	-	-
Coronavirus UK Government support	-	-	-	-
Interest receivable on unpaid school fees	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Gains on disposal of property held for sale	260,408	-	-	260,408
Coronavirus UK Government support	276,991	-	-	276,991
Interest receivable on unpaid school fees	3,501	-	-	3,501
	<u>540,900</u>	<u>-</u>	<u>-</u>	<u>540,900</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

6. Raising funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Ancillary expenditure	4,345	-	-	4,345
Salary costs of raising funds	24,752	-	-	24,752
Christmas fair and other fundraising costs	7,945	-	-	7,945
	<u>37,042</u>	<u>-</u>	<u>-</u>	<u>37,042</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Ancillary expenditure	4,247	-	-	4,247
Salary costs of raising funds	22,729	-	-	22,729
Christmas fair and other fundraising costs	(33)	-	-	(33)
	<u>26,943</u>	<u>-</u>	<u>-</u>	<u>26,943</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
<u>Education</u>				
Teachers salaries	1,928,163	-	-	1,928,163
Staff training and development	48,996	-	-	48,996
Supplies and equipment	88,295	-	-	88,295
Chargeable disbursements cost	163,245	-	-	163,245
Depreciation	2,326	-	-	2,326
Minibus costs	680	-	-	680
Minibus depreciation	130	-	-	130
	<u>2,231,835</u>	<u>-</u>	<u>-</u>	<u>2,231,835</u>
<u>Welfare</u>				
Catering salaries	-	-	-	-
Catering supplies and equipment	3,952	-	-	3,952
Medical salaries	22,605	-	-	22,605
Medical	166	-	-	166
	<u>26,723</u>	<u>-</u>	<u>-</u>	<u>26,723</u>
<u>Premises</u>				
Health and safety	27,266	-	-	27,266
Estate salaries	239,750	-	-	239,750
Property maintenance	85,257	-	-	85,257
Site improvements	25,000	-	-	25,000
Light and heat	113,974	-	-	113,974
Insurance	52,695	-	-	52,695
Cleaning	15,485	-	-	15,485
Rates & water	43,083	-	-	43,083
	<u>602,510</u>	<u>-</u>	<u>-</u>	<u>602,510</u>
<u>Support costs</u>				
Administration salaries	323,784	-	-	323,784
Telephone and postage	7,770	-	-	7,770
Printing and stationery	1,595	-	-	1,595
Communications and PR	1,517	-	-	1,517
Insurance	4,470	-	-	4,470
Office equipment and IT	106,155	-	-	106,155
Legal and professional fees	35,542	-	-	35,542
Subscriptions	21,955	-	-	21,955
General admin expenses	9,785	-	-	9,785
Depreciation	4,437	-	-	4,437
Finance costs	64,284	-	-	64,284
Bad debts and provision for bad debts	35,973	-	-	35,973
Governance costs (see note 8)	19,900	-	-	19,900
	<u>637,167</u>	<u>-</u>	<u>-</u>	<u>637,167</u>
	<u>3,498,235</u>	<u>-</u>	<u>-</u>	<u>3,498,235</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
<u>Education</u>				
Teachers salaries	2,144,728	-	-	2,144,728
Staff training and development	51,813	-	-	51,813
Supplies and equipment	64,807	-	-	64,807
Chargeable disbursements cost	45,171	-	-	45,171
Depreciation	2,630	-	-	2,630
Minibus costs	15,791	-	-	15,791
Minibus depreciation	173	-	-	173
	<u>2,325,113</u>	<u>-</u>	<u>-</u>	<u>2,325,113</u>
<u>Welfare</u>				
Catering salaries	19,155	-	-	19,155
Catering supplies and equipment	1,895	-	-	1,895
Medical salaries	27,032	-	-	27,032
Medical	2,692	-	-	2,692
	<u>50,774</u>	<u>-</u>	<u>-</u>	<u>50,774</u>
<u>Premises</u>				
Health and safety	18,222	-	-	18,222
Estate salaries	212,134	-	-	212,134
Property maintenance	77,286	-	-	77,286
Site improvements	-	-	-	-
Light and heat	94,038	-	-	94,038
Insurance	35,028	-	-	35,028
Cleaning	13,057	-	-	13,057
Rates & water	38,082	-	-	38,082
	<u>487,847</u>	<u>-</u>	<u>-</u>	<u>487,847</u>
<u>Support costs</u>				
Administration salaries	616,639	-	-	616,639
Telephone and postage	7,349	-	-	7,349
Printing and stationery	3,670	-	-	3,670
Communications and PR	2,190	-	-	2,190
Insurance	5,019	-	-	5,019
Office equipment and IT	71,209	-	-	71,209
Legal and professional fees	84,357	-	-	84,357
Subscriptions	30,619	-	-	30,619
General admin expenses	13,326	-	-	13,326
Depreciation	5,241	-	-	5,241
Finance costs	85,045	-	-	85,045
Bad debts and provision for bad debts	66,651	-	-	66,651
Governance costs (see note 8)	19,900	-	-	19,900
	<u>1,011,215</u>	<u>-</u>	<u>-</u>	<u>1,011,215</u>
	<u>3,874,949</u>	<u>-</u>	<u>-</u>	<u>3,874,949</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

8. Governance costs

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Salaries	10,000	-	-	10,000
Auditors' fees - current year	9,900	-	-	9,900
Council expenses	-	-	-	-
	<u>19,900</u>	<u>-</u>	<u>-</u>	<u>19,900</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Salaries	10,000	-	-	10,000
Auditors' fees - current year	9,900	-	-	9,900
Council expenses	-	-	-	-
	<u>19,900</u>	<u>-</u>	<u>-</u>	<u>19,900</u>

9. Fees payable to independent auditors

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Auditors' remuneration - audit	<u>9,900</u>	<u>-</u>	<u>-</u>	<u>9,900</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Auditors' remuneration - audit	<u>9,900</u>	<u>-</u>	<u>-</u>	<u>9,900</u>

10. Staff costs and information

	2022 Total £	2021 Total £
Gross wages	2,280,969	2,519,145
Employer's national insurance costs	197,736	208,974
Pension costs	63,405	71,720
Termination payments*	-	274,456
	<u>2,542,110</u>	<u>3,074,295</u>

* Termination benefits in the comparative year were in full settlement.

	2022	2021
Staff numbers:		
Average head count	<u>107</u>	<u>119</u>

During the year under review one employee (2021: one employees) received employee benefits (excluding employer pension costs) of more than £60,000 in the range £60,000 to £70,000 (2021: £210,000 to £220,000 inclusive of termination benefits).

The pension costs charge above has been charged to the Statement of Financial Activities.

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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:

	2022			2021		
	Salary	National insurance	Pension	Salary	National insurance	Pension
	£	£	£	£	£	£
V King	3,753	375	113	30,440	2,598	913
M MacDonald	1,751	140	88	21,017	1,685	1,051
	<u>5,504</u>	<u>515</u>	<u>201</u>	<u>51,457</u>	<u>4,283</u>	<u>1,964</u>

In addition to the above W Forward was remunerated on a self employed basis for services provided amounting to £3,388 in the year under review and £5,853 in the comparative year.

During the year under review remuneration for spouses and children of trustees amounted to £16,238 (2021: £28,886). In addition national insurance contributions totalling £879 (2021: £1,152) and pension contributions totalling £487 (2021: £809) 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 seven (2021: twelve) key management personnel amounted to £308,000 (2021: £656,549 inclusive termination benefits of £124,372) during the year under review. In the comparative year family members of two of the school's key management personnel received employee benefits totalling £17,162.

During the year two (2021: three) of the school's key management personnel received staff discounts in relation to their children's school fees of £20,585 (2021: £32,670) and sibling discounts of £nil (2021: £2,172). 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 £35 (2021: £1,790) was outstanding from these individuals.

One trustee (2021: no trustees) had expenses reimbursed or paid on their behalf for training amounting to £135 with an additional £385 reimbursed for medical costs.

Expenses reimbursed to and paid on behalf of three members (2021: one member) of key management personnel for training totalled £886 (2021 training: £1,200) in the year under review.

	2022	2021
	£	£
Tuition fees charged to 2 (2021: 5) Parent Trustees net of discounts amounted to	<u>50,902</u>	<u>67,913</u>

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

H Hebrank (2020/21 only)
V King (2020/21 only)
S Kirby (2020/21 only)
N Michaels
T Souleiman
J Angus

Tuition fees are charged on normal commercial terms, except for teacher trustees who, as with all teachers, receive a 80% (2021: 80%) discount after other discounts on a pro-rata basis. Total staff discount for trustees in the comparative year was £10,648. Other discounts, inclusive of sibling and reduced fees, were provided on the same basis as those to other parents amounted to £1,459 (2021: £9,302).

Outstanding fees and extras charges from trustees at the year end was £839 (2021: £1,301).

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	School site £	Machinery & office equipment £	Fixtures & fittings £	Motor vehicles £	Classroom equipment £	Total £
Cost						
Brought forward	7,798,567	393,046	284,722	21,904	308,366	8,806,605
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
	<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	-	381,859	262,731	21,380	283,321	949,291
Charge	-	2,238	2,199	130	2,326	6,893
On disposals	-	-	-	-	-	-
	<u>-</u>	<u>384,097</u>	<u>264,930</u>	<u>21,510</u>	<u>285,647</u>	<u>956,184</u>
Net book value carried forward	<u>7,798,567</u>	<u>8,949</u>	<u>19,792</u>	<u>394</u>	<u>22,719</u>	<u>7,850,421</u>
Net book value brought forward	<u>7,798,567</u>	<u>11,187</u>	<u>21,991</u>	<u>524</u>	<u>25,045</u>	<u>7,857,314</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

	2022 £	2021 £
Listed investments		
Market value brought forward	500,598	424,795
Additions at cost	-	-
Disposals at carrying value	-	-
Gains/(losses) on revaluation	(17,252)	75,803
Market value carried forward	<u>483,346</u>	<u>500,598</u>
<i>The investments above are analysed as follows:</i>		
Listed investments	139,364	158,452
Unit trusts and similar investments	341,467	342,146
	<u>480,831</u>	<u>500,598</u>

14. Assets held for sale

	2022 £	2021 £
Property for sale	-	-
	<u>-</u>	<u>-</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

15. Debtors

	2022	2021
	£	£
Fees outstanding	497,395	666,884
Fee provision	(250,000)	(250,000)
Prepayments	41,823	25,305
Other debtors	2,987	3,695
	<u>292,205</u>	<u>445,884</u>

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

	2022	2021
	£	£
Loans	110,918	104,736
Trade creditors	37,963	30,762
Fees in advance	-	9,200
Deposits from parents	43,246	500
Other creditors and accruals	473,504	618,577
	<u>665,631</u>	<u>763,775</u>

17. Creditors: amounts falling due after one year

	2022	2021
	£	£
Loans	500,620	613,340
	<u>500,620</u>	<u>613,340</u>

One bank loan, with a year end balance of £339,538 (2021: £378,075), is secured over several of the school's freehold properties and is repayable over a period of 25 years from August 2005. The remaining balance of loans is unsecured.

18. Defined benefit obligation

	2022	2021
	£	£
Brought forward	1,856,000	4,008,512
Payments made	(201,480)	(191,108)
Charge to statement of financial activities	(302,520)	(1,961,404)
Carried forward	<u>1,352,000</u>	<u>1,856,000</u>

The above provision arises from the pension scheme's deficit funding arrangement. More information regarding the pensions scheme can be found in note 27.

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

19. Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2022 Total funds £	2021 Total funds £
Tangible assets	-	7,198,421	-	652,000	7,850,421	7,857,314
Investments	18,783	123,096	-	341,467	483,346	500,598
Current assets	525,207	-	32,308	2,515	560,030	1,107,562
Creditors: <1 year	(665,631)	-	-	-	(665,631)	(763,775)
Creditors: >1 year	(500,620)	-	-	-	(500,620)	(613,340)
Pension scheme deficit	-	(1,352,000)	-	-	(1,352,000)	(1,856,000)
Net assets at 31 July	(622,261)	5,969,517	32,308	995,982	6,375,546	6,232,359

20. Analysis of movement in funds

	Brought forward £	Incoming resources £	Outgoing resources £	All gains/ (losses) £	Transfers £	Carried forward £
Permanent endowment funds						
Permanent Endowment Fund	652,000	-	-	-	-	652,000
Endowment Recoupment Fund	342,146	-	-	1,836	-	343,982
Total endowment funds	994,146	-	-	1,836	-	995,982
Restricted funds						
ESCC	3,000	-	-	-	-	3,000
Clockhouse Fund	3,789	-	-	-	-	3,789
Outdoor terrace repair	22,801	-	-	-	-	22,801
Natural England Fund	2,718	-	-	-	-	2,718
Total restricted funds	32,308	-	-	-	-	32,308
Designated and general funds						
WO Field bequest	137,100	-	-	(14,004)	-	123,096
Pension deficit (see note 18)	(1,856,000)	-	-	302,520	201,480	(1,352,000)
Fixed asset reserve (see note 12)	7,205,314	-	(6,893)	-	-	7,198,421
Total designated funds	5,486,414	-	(6,893)	288,516	201,480	5,969,517
General reserves	(280,509)	3,393,196	(3,528,384)	(5,084)	(201,480)	(622,261)
Total unrestricted funds	5,205,905	3,393,196	(3,535,277)	283,432	-	5,347,256
Total funds	6,232,359	3,393,196	(3,535,277)	285,268	-	6,375,546

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

Outdoor terrace repair Funds received to support the costs of repair to the outdoor terrace

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 2022

NOTES TO THE FINANCIAL STATEMENTS

21. Transfer between funds

From	To	Unrestricted Funds	
		General £	Designated £
<i>Transfer 1</i>			
General fund	Pension deficit	(201,480)	201,480
		<u>(201,480)</u>	<u>201,480</u>

Transfer of funds from unrestricted general funds representing payments made during the year.

22. Financial instruments

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

	2022 Total Funds £	2021 Total Funds £
<i>Financial assets</i>		
Measured at fair value through net income/(expenditure):		
Fixed asset investments (note 13)	483,346	500,598
	<u>483,346</u>	<u>500,598</u>
Debt instruments measured at amortised cost:		
Trade debtors (note 15)	497,395	666,884
	<u>497,395</u>	<u>666,884</u>
<i>Financial liabilities</i>		
Measured at amortised cost:		
Trade creditors (note 16)	37,963	30,762
Bank loan (notes 16 and 17)	611,538	718,076
	<u>649,501</u>	<u>748,838</u>

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

	2022 Total Funds £	2021 Total Funds £
<i>Income and expense</i>		
Financial assets measured at fair value through net income/(expenditure)		
Investment income	10,210	8,622
	<u>10,210</u>	<u>8,622</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	(17,252)	75,803
	<u>(17,252)</u>	<u>75,803</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

23. 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 £	2022 Total £	Office equipment £	Vehicles £	2021 Total £
In less than one year	-	16,315	16,315	-	16,315	16,315
In more than one year less than five years:	-	16,315	16,315	-	16,315	16,315
More than five years	-	6,798	6,798	-	23,113	23,113
	<u>-</u>	<u>39,428</u>	<u>39,428</u>	<u>-</u>	<u>55,743</u>	<u>55,743</u>

24. Analysis of changes in net debt

	2020 £	Cash flows £	2021 £	Cash flows £	2022 £
Long term borrowings	1,244,826	(526,750)	718,076	(106,538)	611,538
Short term borrowings	-	-	-	-	-
Total liabilities	<u>1,244,826</u>	<u>(526,750)</u>	<u>718,076</u>	<u>(106,538)</u>	<u>611,538</u>
Cash and cash equivalents	<u>(212,384)</u>	<u>(449,294)</u>	<u>(661,678)</u>	<u>393,853</u>	<u>(267,825)</u>
Total net debt	<u>1,032,442</u>	<u>(976,044)</u>	<u>56,398</u>	<u>287,315</u>	<u>343,713</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

25. Comparative Statement of Financial Activities and Analysis of movement in funds

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	1	31,259	-	-	31,259
Other trading activities	2	137,129	-	-	137,129
Investments	3	8,624	-	-	8,624
Charitable activities	4	3,069,639	-	-	3,069,639
Other	5	540,900	-	-	540,900
Total		3,787,551	-	-	3,787,551
EXPENDITURE ON:					
Raising funds	6	26,943	-	-	26,943
Charitable activities	7	3,874,949	-	-	3,874,949
Total		3,901,892	-	-	3,901,892
Net gains/(losses) on investments	13	24,583	-	51,220	75,803
Net income/(expenditure)		(89,758)	-	51,220	(38,538)
Transfers between funds	20	-	-	-	-
		(89,758)	-	51,220	- 38,538
Actuarial gains/(losses) on defined benefit pension schemes	18	1,961,404	-	-	1,961,404
Net movement in funds		1,871,646	-	51,220	1,922,866
RECONCILIATION OF FUNDS					
Total funds brought forward	20	3,357,060	9,507	942,926	4,309,493
Total funds carried forward	20	5,228,706	9,507	994,146	6,232,359

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

25. Comparative Statement of Financial Activities and Analysis of movement in funds (continued)

	Brought forward	Incoming resources	Outgoing resources	Unrealised gains/ (losses)	Transfers	Carried forward
	£	£	£	£	£	£
Permanent endowment funds						
Permanent Endowment Fund	652,000	-	-	-	-	652,000
Endowment Recoupment Fund	290,926	-	-	51,220	-	342,146
Total endowment funds	<u>942,926</u>	<u>-</u>	<u>-</u>	<u>51,220</u>	<u>-</u>	<u>994,146</u>
Restricted funds						
ESCC	3,000	-	-	-	-	3,000
Clockhouse Fund	3,789	-	-	-	-	3,789
Outdoor terrace repair	-	30,001	(7,200)	-	-	22,801
Natural England Fund	2,718	-	-	-	-	2,718
Total restricted funds	<u>9,507</u>	<u>30,001</u>	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>32,308</u>
Designated and general funds						
WO Field bequest	116,811	-	-	20,289	-	137,100
Pension deficit (see note 18)	(4,008,512)	-	-	1,961,404	191,108	(1,856,000)
Fixed asset reserve (see note 12)	7,213,358	-	(8,044)	-	-	7,205,314
Total designated funds	<u>3,321,657</u>	<u>-</u>	<u>(8,044)</u>	<u>1,981,693</u>	<u>191,108</u>	<u>5,486,414</u>
General reserves	35,403	3,757,550	(3,886,648)	4,294	(191,108)	(280,509)
Total unrestricted funds	<u>3,357,060</u>	<u>3,757,550</u>	<u>(3,894,692)</u>	<u>1,985,987</u>	<u>-</u>	<u>5,205,905</u>
Total funds	<u>4,309,493</u>	<u>3,787,551</u>	<u>(3,901,892)</u>	<u>2,037,207</u>	<u>-</u>	<u>6,232,359</u>

26. Post balance sheet events and going concern

During the year under review the school has seen a depletion in its cash reserves as a result in part of the continued payment of debt finance and pension deficit contributions on the historic defined benefit pension scheme with these cash outflows continuing beyond the year end.

Costs have continued to be monitored and restricted where possible with the exception of wages and energy price increases with non essential expenditure curtailed throughout the year and in the period since the year end. For the financial year 2022-23 charges for school places have been increased by 7% and just under 11% for 2023-24. In addition pupil numbers are due to increase for the financial year 2023-24.

The effect of the measures outlined above is expected to significantly improve the ongoing cash flow of the school over subsequent accounting periods with further price increases planned to be implemented annually.

The trustees have considered the use of land and properties on the extremes of the site and identified four properties for disposal without damaging or interfering with the school's operations. At the point of approval of these financial statements the sales are at differing stages of completion and expected to be completed in the second half of 2023.

The trustees have concluded the timely sale of the properties is essential to provide the school with a cash injection to remove some of the debt finance and undertake work to improve the site over the coming years. It is envisaged the improved facilities will encourage more families to opt to educate their children at the school, which coupled with the increasing fee levels will provide the basis for improving the charity's cash and overall reserves position.

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

27. Pensions

The Company participates in the Main Section of the Mercury Provident Pension Scheme (the Scheme), a UK registered trust based pension scheme that provides defined benefits.

Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee of the Scheme is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules. The Trustee is required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of Scheme members:

- Deferred members: members who have left pensionable service with deferred benefits which have yet to come into payment.
- Pensioner members: members in receipt of pension.

The value of the defined benefit obligation for the 31 July 2022 is derived by approximately adjusting the results of the triennial valuation as at 29 December 2018.

In adjusting the value of the defined benefit obligation allowance has been made over the relevant periods for:

- benefits paid out to members;
- price inflation; and
- member movements.

All other experience is assumed to be in line with the assumptions at the start of the period. The value of the defined benefit obligation is adjusted for changes in the assumptions.

The results of the most recent formal actuarial valuation as at 29 December 2018 have been updated to the Company year ends by a qualified independent actuary. The assumptions used were as follows:

	Year end 31 July 2022		Year end 31 July 2021	
<i>Significant actuarial assumptions</i>				
Discount rate	3.40% pa		1.5% pa	
RPI inflation	3.40% pa		3.15% pa	
CPI inflation	2.90% pa		2.55% pa	
<i>Mortality assumptions</i>				
Mortality	100% S3PMA_All/ 100% S3PFA_All CMI_2021_M/F [1.25%] (yob)		100% S3PMA_All/ 100% S3PFA_All CMI_2020_M/F [1.25%] (yob)	
<i>Other actuarial assumptions</i>				
Pension increases:				
Pre 88 GMP	Nil		Nil	
Post 88 GMP	2.40% pa		2.25% pa	
Pre 97 excess	Nil		Nil	
97-05 pension	2.90% pa		2.55% pa	
Post 2005 pension	2.20% pa		2.00% pa	
Revaluation of deferred pensions in excess of GMP:	2.90% pa		2.55% pa	
<i>Life expectancies (in years)</i>				
	Male	Female	Male	Female
For an individual aged 65 in 2021	22	24.4	21.9	24.3
At age 65 for an individual aged 45 in 2021	23.3	25.8	23.2	25.7

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

NOTES TO THE FINANCIAL STATEMENTS

27. Pensions (continued)

The fair value of the Company's share of the assets of the Scheme was:

	Year end 31 July 2022 £'000s	Year end 31 July 2021 £'000s
<i>Asset class</i>		
Equities	1,474	1,442
Diversified Credit Funds (DCFs)	500	556
Liability Driven Investments (LDIs)	420	666
Diversified Growth Funds (DGFs)	491	597
Cash	194	270
Total	3,079	3,531

The return on the assets was:

	Year end 31 July 2022 £'000s	Year end 31 July 2021 £'000s
<i>Return</i>		
Interest income	52	40
Return on assets less interest income	(417)	371
Total return on assets	(365)	411

Reconciliation to the balance sheet:

	Year end 31 July 2022 £'000s	Year end 31 July 2021 £'000s
Market value of assets	3,079	3,531
Present value of defined benefit obligation	4,431	5,387
Funded status	(1,352)	(1,856)
Irrecoverable surplus	-	-
Pension asset/(liability) recognised in the Statement of Financial Position before allowance for deferred tax	(1,352)	(1,856)

Reconciliation of Scheme's assets and defined benefit obligation

	Assets £'000s	Defined benefit obligation £'000s	Net position £'000s
At 1 August 2021	3,531	(5,387)	(1,856)
Benefits paid:			
Pensions	(210)	210	-
Transfers	-	-	-
Other	(13)	13	-
Employer contributions	201	-	201
Member contributions	-	-	-
Current service cost	-	-	-
Administration expenses	(65)	-	(65)
Past service cost	-	-	-
Settlements	-	-	-
Business combinations/bulk transfers	-	-	-
Interest income/cost	52	(79)	(27)
Remeasurement gains/(losses):			
Actuarial gains/(losses): Change of basis	-	892	892
Actuarial gains/(losses): Experience	-	(80)	(80)
Return on assets excluding interest income	(417)	-	(417)
At 31 July 2022	3,079	(4,431)	(1,352)