

THE MARIA MONTESSORI TRAINING
ORGANISATION

Company No. 697468

Charity No. 313087

Financial Statements
For The Year Ended
31st August 2020

Contents

| | |
|---|-------|
| Executives and Advisors | 2 |
| Trustees' Report including Strategic Report | 3-15 |
| Statement of Directors' Responsibilities | 16 |
| Report of the Auditors | 17-19 |
| Statement of financial activities | 20 |
| Balance sheet | 21 |
| Statement of Cash Flows | 22 |
| Notes to the financial statements | 23-33 |

Directors and Executive

Committee

Mr. R.A. Partridge (Chairman)
Mrs. L. Webster (Company Secretary)
Mr. D. Murphy (Honorary Treasurer)
Mr B. Faccini
Mrs. N. Forsyth
Ms Sara Giwa-McNeil (appointed 13th November 2019)
Mrs. W.H. Innes
Mrs. A. Lake
Mrs. C. Laubin
Mrs. C Middlemas (appointed 13th November 2019)
Mr D. Mukarji (resigned 11th March 2020)
Mrs. F. Scott

Registered Office

Devonshire House
60 Goswell Road
London
EC1M 7AD

Principal Office

26 Lyndhurst Gardens
Hampstead
London
NW3 5NW

Auditors

Moore Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Principal Solicitors

Lee Bolton Monier Williams
1 The Sanctuary,
Westminster
London
SW1P 3JT

Bankers

Lloyds Bank
39 Threadneedle Street,
London
EC2R 8AU

Trustees' Report

The Trustees have pleasure in presenting their report and financial statements for the year ended 31st August 2020 which have been prepared under the historical cost convention and in accordance with applicable accounting standards and 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 published on 16 July 2014.

Principal Activity

The principal activity of the company continues to be to promote the application of the authentic educational principles on which the method of teaching children generally known as the Montessori Method is based and in particular to train teachers in that method. In addition, the company runs exemplar schools (18 months – 12 years), in which students are able to observe AMI Montessori principles and standards in practice.

The MMTTO is one of the few AMI training centres in the world that offer AMI training and a model school where the philosophy, concepts and techniques can be seen in practice and which provides access to an archive for researchers.

Strategic Report

The overall vision of the Organisation is that it will be a focal point and resource centre for Montessori education in the UK through schools, training, and parental and other forms of outreach and will have a significant impact on the lives of children.

Aims and Objectives

The key objectives of the Organisation are:

- To train adults to teach children using the Montessori approach to education, in accordance with the standards of AMI.
- To provide an authentic model of Montessori educational philosophy in practice illustrating an alternative approach to educating children.
- To develop adults and teachers who are better prepared to help children fulfil their potential, across all cultures and socio-economic groups.
- To help to develop adults whose knowledge of the natural laws of growth and development enable children to develop spontaneously and naturally within the family, school and society.
- To provide opportunities wherever possible for adults to understand how children construct themselves spontaneously, so that adults live together in harmony and co-operation with children and young people; thus creating the possibility of a more peaceful world.
- To collaborate with AMI in the development and delivery of innovative course offerings beyond teacher training.

Key Performance Indicators

The Organisation considers the Key Performance Indicators to be:

- Maintaining the number of students on courses and the number of children in the school – see Financial Review page 13 of this report. We are pleased with the continuing popularity of the courses and school.
- Maintaining the quality of the courses to ensure that authentic Montessori is applied consistently and adheres to AMI standard. The Institute aims for the pass rate in the AMI Diploma Course examinations to be at least 85%. In 2020, students did so with a 96% pass rate (2019: 97%).
- Maintaining the quality of the Montessori education offered in the School. This is difficult to measure quantitatively but can be evidenced by the numbers of children transferring to the Elementary school and the success of the children's school choices at the age of 11.

Trustees' Report (Continued)

COVID -19

The COVID-19 pandemic had an impact on the operations of the Organisation with the closure of the physical buildings of both the School and the Training Centre. However, it also provided an opportunity to review the delivery method of the Training Courses and, with the endorsement of the Association Montessori Internationale, Assistants Certificate Courses have been delivered online which has resulted in much larger numbers of students attending than has previously been the case. The live-streamed lectures have been attended by students from around the world and have enabled our Training to reach areas of the UK such as Birmingham, Manchester and Bristol, where the Institute has previously not had a major presence.

In addition to these courses, the Institute has held online workshops for the Montessori in the Home series and hosted the pilot of the first online AMI Montessori for Dementia and Aging workshop with 47 participants.

The AMI academic year (3-6) Diploma Courses continued online, and students were able to graduate in June 2020 as planned. Summer courses have been delivered remotely where feasible although graduation dates have been deferred for the 3-6 summer course and for some students on the 0-3 Diploma course.

The School buildings closed in March and the Children's Houses and the Elementary classes for the permitted Year Groups reopened on 3rd June 2020. The School was open to all children by early July with the majority of children returning in person. During the period of enforced school closures, the Montessori curriculum was creatively delivered via remote learning sessions and support on how to support children at home was provided to parents. Parents expressed their thanks and satisfaction with these remote learning sessions and for the smooth transition back to in-person schooling.

In total, 22 staff were furloughed under the Coronavirus job retention scheme during the "lockdown" period with most returning to work once the school buildings were permitted to reopen. Other staff continued to work from home. £81,000 of funding was received.

The financial repercussions have been felt mainly by the School, with a discount on summer term fees given to all families in the Children's Houses and a significant amount of additional financial support offered to families whose own financial circumstances had been adversely affected in order to achieve the School's aim of retaining and strengthening the school community. Fees for the 2020-2021 school year will be held at the 2019-2020 levels.

The additional revenue gained from the introduction of the online courses and workshops has helped to mitigate the lower than budgeted school fee income and, together with reduced staffing costs and careful cost management throughout the year, this has meant that the Organisation has not had to use its reserves. The Trustees have set aside £30,000 for the School Bursary Fund for use in future years as they recognise that there may be further requests for financial assistance in the forthcoming year.

The Trustees remain positive that the measures put in place in 2020 can be refined and re-introduced in future in the event of future "lockdowns" and the Training Institute will continue to deliver shorter courses and workshops via live online sessions thus expanding the potential number of participants.

Objectives and achievements in the year and Future Plans

To continue to offer the 3 – 6 Diploma course in both full-time and part-time formats and to increase access to the range of AMI courses offered in the UK.

Achievements:

- The first students graduated with the Foundation Degree in Montessori Pedagogy (AMI 3-6). Students have access to loan funding and successful students are able to gain automatic entry onto a top up year leading to a BA (Hons) in Early Childhood and Montessori.
- The Maria Montessori Institute ran 1 full time and 4 part-time (two-year) 3-6 academic year courses during the 2019/20 academic year for students wishing to obtain the Association Montessori Internationale Diploma. Students graduating in 2020 did so with a 96% pass rate. The 2nd summer of the 3-6 modular course which commenced in July 2019 was deferred due to the Covid-19 pandemic and this course will now complete in 2022.
- The second module of the 0-3 Diploma course which commenced in July 2019 took place online. Students will choose between completing their oral examinations and graduating in autumn 2020 or doing so in spring 2021
- The 5th Elementary (6-12) course continued online and the graduation date in summer 2021 remains unchanged.
- Four Assistants Courses at the 3-6 level and one each at the 0-3 level and 6-12 levels were run during the year aimed at parents, classroom assistants and those seeking core knowledge of Montessori. One (3-6) took place in person in Cardiff and one in London with other courses taking place online. In total, 238 people attended Assistants courses during the academic year (88 in 2019).
- The first online pilot of the Montessori for Ageing and Dementia workshops took place during the year with 47 people attending. The aim of these courses is to demonstrate how Montessori principles can be applied by those caring for elderly people with dementia.

Future Plans:

- We will continue to offer the 3-6 courses in the existing formats.
- We will run Diploma courses at 0-3 and 6-12 levels in modular format.
- A new 0-3 Diploma course will commence in July 2021 which will take place over 2 summers
- We will offer Assistants Certificate courses at the 0-3, 3-6 and 6-12 levels.
- We will offer Assistants Certificate courses, Montessori for Dementia and Ageing workshops, Montessori in the Home and the Post Diploma Observation course online as well as in person.
- We will install high-quality Audio-Visual facilities to enable courses to be delivered whilst maintaining social distancing requirements and for use in the event of other potential “lockdowns”.
- We will offer financial assistance to those students who would otherwise be unable to afford to attend the courses.
- We will actively promote the Foundation Degree in Montessori Pedagogy (AMI 3-6) and work with the University of East London to ensure students are from a range of socio-economic backgrounds.
- We will continue to offer Montessori for Ageing and Dementia workshops

Trustees' Report (Continued)

Objectives and achievements in the year and Future Plans (continued)

Develop the capacity of our Montessori schools across the 0-18 age levels of Montessori Education

Achievements:

- The number of children attending the Elementary classes at Hampstead and Bayswater has continued to increase.
- The MMI School continued to successfully support Special Needs children across all sites.
- The success of our series of talks aimed at parents in previous years identified the requirement to provide increased information to parents of children in our school and also in the wider community. Regular email communication, a parent newsletter and the expansion of information available on the website has enhanced the dissemination of information. A process has been put in place for the development of MMI parental information courses to cover all age groups.
- The COVID-19 pandemic meant that online learning provision had to be rapidly designed and implemented for all children in the School. Parental feedback on the quality of the sessions was positive and support was given to parents on how to implement the Montessori approach at home.
- Children in the eligible "year groups" returned in early June with other children returning later in June. Children were assigned to groups "bubbles" and adapted well to the new requirements. By the end of term most children able to return to school had done so.

Future Plans:

- We hope to expand the kitchen facilities at our Hampstead site and create a large lunchroom which may also be used as a meeting space.
- We will continue to increase the numbers of children in our Elementary classes and will search for larger premises to accommodate this increase.
- We will look for premises to establish a Montessori adolescent school.
- Our bursary and assisted places policy for the School will continue to enable financial assistance to be given to a greater number of families who might otherwise not be able to benefit from a Montessori education
- A review of communications strategies and the appointment of our communications specialist will assist in ensuring that we are communicating clearly and well to parents.
- In the event of a local or national COVID-19 lockdown, the School will resume the remote learning provision
- We will develop a knowledge base in relation to the Montessori approach to schooling for the 12-18 age range.

Trustees' Report (Continued)

Objectives and achievements in the year and Future Plans (continued)

Promote AMI standards by providing professional development opportunities for teachers, parent support initiatives and speakers at international conferences

Achievements:

- The Institute held information sessions throughout the year that were open to prospective students and the general public. More than 200 people attended these sessions which took place both in person and online. The Schools held information sessions open to prospective parents, attended by more than 200 people in total. These Open Forums explain the basic aspects of the Montessori approach to education.
- The series of Professional Development workshops continued, with workshops on Montessori Sports and Moving to Learn, Learning to Move.
- Throughout the year Parent education evenings were held at each School site which were open to all parents of children in the School. Free weekly online support sessions were held during the COVID 19 school closure period.
- MMI jointly hosted The Montessori Conference 2019 in collaboration with other UK Montessori training providers which celebrated 100 years of Montessori training in the UK and was attended by more than 700 people.
- A Refresher Course "The Art and Science of Observation" was attended by staff from our own school and other Montessori schools in the UK.
- Three staff members continued with the 3 – 6 training of trainers programme; 1 member of staff has been accepted onto the 0-3 Training of Trainers and 1 onto the 6-12 programme; 3 staff members are studying on the 6-12 Diploma course ; one staff member is being supported by the organisation in undertaking a PhD in Educational Neuroscience.

Future Plans:

- Continue to hold information sessions for prospective students
- Reintroduce the Introduction to Montessori sessions for students undertaking Early Childhood studies at Universities
- Hold parent evenings on relevant topics
- Invite parents to further Montessori Journey and Discovery days
- Hold Refresher courses and Professional Development Days
- Support staff in their professional development
- Roll out a parent support programme for parents of all ages of children.
- Implement a professional development training for those people interested in working in some capacity on the training courses. Roles will include album readers, lecturers and supervisors of the practical sessions.
- Identify members of staff and others who may be eligible to apply for the AMI Training of Trainers Programme.

Trustees' Report (Continued)

Objectives and achievements in the year and Future Plans (continued)

To establish and support additional training courses in places other than London.

Achievements:

- Talks were given in China, Italy, the USA and the Netherlands.
- Louise Livingston is one of a cohort of AMI trainers taking part in a 'faculty' approach in, China.
- Cheryl Ferreira is providing pedagogical support to the AMI Course in Sri Lanka.
- Staff acted as AMI examiners in London and China.
- Vikki Taylor and Philippa Romig continued with an AMI international Diploma course in Tanzania
- An Assistants Course took place in Wales.
- The introduction of online training has meant that students from all over the world have participated in the Assistants Courses and Montessori for Dementia workshops.
- An Online observation course was offered to students based in China

Future Plans:

- Louise Livingston will continue to work on the training courses in China and will be the faculty coordinator
- Staff will continue to work as examiners in AMI centres around the world.
- Assistants Courses, Montessori for Dementia and Ageing courses and Professional Development workshops will continue to be offered online as well as in-person.
- Cheryl Ferreira will continue to provide pedagogical support to the AMI Course in Sri Lanka.
- Vikki Taylor will deliver the remaining examination module in Tanzania (delayed due to COVID 19).
- The online Observation Course will be offered in translation to Chinese students

Provide support to and influence in AMI.

Achievements:

- Lynne Lawrence is the Executive Director of AMI and Cherry Worthington is the Chief Financial Officer of AMI. They hold these positions in addition to their work at the MMTO.
- Louise Livingston is the China Faculty Coordinator and is a member of the AMI Global Research Group and the International Training Group.
- Staff acted as examiners in 1 other training centre worldwide as well as providing training in China and Tanzania.
- Poincy Pino has continued to mentor the newly established Elementary classes in Kenya and Tanzania.

Future Plans:

- To continue to support the work of AMI through the provision of key personnel.
- To be the initial pilot school for the AMI Observation software.
- To further pilot the Montessori Ageing and Dementia Educator programme.

Trustees' Report (Continued)

Objectives and achievements in the year and Future Plans (continued)

Support the 'Help the Children' Projects and other outreach work

Achievements:

- Staff from the MMTO have been instrumental in the establishment of the Montessori School in the IDP camp in Kenya and in the establishment of a second school 25km away from the Corner of Hope. The Elementary training programme which commenced in August 2013 with 30 participants completed successfully. Poinsoy Pino, Elementary Teacher from the MMTO volunteered to assist on the course when school schedules permit. In addition the first Elementary classes were established in Kenya and Tanzania and a new project was initiated with the nomadic Samburu tribes and is currently in Northern Kenya.
- Two staff members joined the Board of the not-for-profit NGO Montessori for Kenya
- Trainers from the MMTO are providing an AMI international Diploma course in Tanzania
- Closer to home, our project; 'Born Inside', in Bronzefield Prison has continued to be successful. In conjunction with Pamela Windham Stewart MA, Psychotherapist, we have designed a support and education programme to offer pregnant mothers and mothers with young children born or living inside the prison. This hands-on project focuses on the developmental needs of young children and how mothers can support them for minimal expenditure. Donations from individuals have been received during the year but investigation continues into potential sources of funding to enable the continuation of this project.

Future Plans:

- Continue to support the work at the Corner of Hope schools in Kenya.
- MMI staff to continue to participate on the Montessori for Kenya Board to develop excellent Montessori schools and practice in Kenya as a model for other countries in Africa.
- Continue working with babies and mothers in Bronzefield prison. Offer to provide Montessori information for prison officers.
- Work with the Arthur Waser Foundation on the international AMI Diploma Course in Tanzania and on building infrastructure to support national courses in East Africa.
- To develop a parent information programme aimed at parents both within and outside of our schools.

Trustees' Report (Continued)

Objectives and achievements in the year and Future Plans (continued)

Define and effect structural change within MMI to support the scope of its activity

Achievements:

- Discussions continued with the University of East London on the possibility of existing MMI Diploma graduates joining the top up year which leads to a BA (Hons) in Early Childhood and Montessori.
- Made best use of the new Training Centre premises by running courses and workshops concurrently and by holding online courses.
- The Early Years Educator Qualification awarded by Innovate Awarding has been successfully incorporated into the AMI 3-6 Diploma to allow Montessori Diploma holders to be counted in class ratios. A recent inspection by Innovate Awarding resulted in a glowing report.
- The Organisation has identified 2 new trainers in training at the 3-6 level, 1 at the 0-3 and 1 at the 6-12 level. All have been accepted onto the AMI Training of Trainers programme.
- The Communications and Marketing function was expanded in order to improve communication with existing and prospective parents and to market our school and courses.

Future Plans:

- We will support trainers in training as new courses can only be run by those holding the AMI Trainers Certificate (4 years study), under the present AMI regulations. We will continue to identify potential trainers at both 0 – 3 and 6 – 12 levels for the UK as well as additional lecturers at the 3 – 6 level.
- We will continue to evolve the management structure to support the expanding activities of the Organisation. We will also continue to develop our plan to publicise the work of the Training Centre to potential students in the UK and EU and will seek ways to share our knowledge with the UK Montessori community.
- We will implement technological solutions to enable courses to be offered in a variety of formats.
- We will investigate the possibility of the AMI Diploma contributing to a Master's qualification.

To continue to develop the Montessori archive so as to make it available to students, researchers and interested parties

Achievements:

- During the year, further documents related to the history of the school and the Training Centre have been cleaned and catalogued.
- Relevant texts were sent to AMI for publication. Many individuals are now using the archive to search for information and primary source material.

Future Plans:

- Continue to provide information to AMI and to researchers.
- Continue the work on the visual and audio archives.

Trustees' Report (Continued)

Structure, Governance & Management

The charity is constituted as a company limited by guarantee registered in England and Wales. The charity's governing document is its Memorandum and Articles of Association which were last revised in October 2007. The charity consists of an organisation which trains individuals in the Montessori Method of education based in Riding House Street, Central London and Hampstead and an exemplar school situated on-site in Hampstead and off-site in Notting Hill, Bayswater, Hornsey Rise and West Hampstead. The training organisation operates as the 'Maria Montessori Institute' and the school as the 'Maria Montessori School.' No fundraising activities were undertaken by the charity during the year, and no complaints were reported to the charity commission for the current financial year.

Recruitment and Appointment of the Board

Directors who served during the year are listed on the previous page of this report.

Directors are appointed, when a vacancy arises, in accordance with our by-laws. Directors will either have experience of Montessori education or will provide expertise that will contribute to the governance of the charity. Recruitment may be made through organisations specializing in the search for trustees or through direct contact made through and by the organisation.

Each Trustee (Director) is appointed for a term of three years and may be reappointed for an indefinite number of terms, therefore each year a third of the Trustees are up for reappointment.

The induction process for new directors enables them to become familiar with the history and ongoing activities of the organisation through a series of meetings, visits to the organisation to observe its activities and publicity and informational material. Directors receive relevant training such as Safeguarding, Safer Recruitment, Health & Safety as required, and also attend Montessori Courses held at the Institute throughout their period of service.

The Board meets a minimum of three times per year and decides upon broad policy based on the strategic direction proposed by the Steering Committee.

Steering Committee

The charity is strategically and financially directed by the steering committee. The steering committee meets approximately three times per term to ensure the smooth running of the Organisation. Committee members are currently drawn from the Board and include the Director of Training and Schools and the Bursar:-

| | |
|--------------------|--|
| Ms. S Giwa- McNeil | Director |
| Mrs. W Innes | Director (Health & Safety; Safeguarding) |
| Mrs. L Lawrence | Executive Director |
| Mrs. C Middlemas | Director |
| Mr. R Partridge | Chair of the Board |
| Mrs. C Worthington | Bursar |

The Executive Director has overall responsibility and power of decision making for the day to day running of the Organisation (administrative, pedagogical and financial) and reports to the Steering Committee.

Management Committee

The various branches of the charity are run on a day to day basis by the Senior Management Team and relevant stakeholders in the Organisation. Meetings take place as necessary to ensure the smooth running of all aspects of the Organisation. The participants are drawn from the senior Training, School and Administrative Staff.

Health and Safety Committee

This committee meets three times per year. Membership is taken from the Directors, teaching, administrative and auxiliary staff. The Health and Safety consultant to the MMTTO or a relevant expert is consulted as necessary.

Risk Assessment

The Board of Directors of the Organisation undertakes an annual risk assessment where major risks to the Organisation are identified and systems and procedures to alleviate them are reviewed.

Trustees' Report (Continued)

Impairment Review

The Board of Directors of the Organisation undertakes an annual impairment review of its building at Lyndhurst Gardens. A valuation was carried out by Jones Lang LaSalle in accordance with the revised accounting standards and has been adopted in these financial statements.

Public Benefit

In the furtherance of the Objects, the Directors, as the charity trustees, have complied with the duty in s.17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act.

Bursaries

Support in the form of bursaries is available for those wishing to attend the school or training course but who otherwise are unable to pay the fees or for those current pupils and children where a change in financial circumstances would compromise their ability to remain at the school or continue with their studies.

Those wishing to be considered for financial support are required to submit their application, accompanied by the relevant financial information for consideration by the Steering Committee. The amount of assistance granted is subject to the ability to pay full fees and the amount of bursary funds available. Bursary awards for school fees are reviewed annually.

Key Management Personnel remuneration

The Board of Directors consider the Executive Director and the Bursar as comprising the key management personnel of the Organisation in charge of directing and controlling the charity and running and operating the Organisation on a day to day basis.

Remuneration Policy

The Organisation operates banded salary ranges for all staff including senior staff. The bands are reviewed annually and compared with other similar organisations and generally an inflationary increase is applied, depending upon the financial resources of the charity.

Co-operation with other organisations

Association Montessori Internationale

The Organisation continues to co-operate with the Association Montessori Internationale whose courses they run. This Association, founded by Dr. Maria Montessori in 1929, was created to uphold, propagate and further the pedagogical principles and practice formulated by Dr. Maria Montessori for the full development of the human being. Additional support for AMI was given to AMI in the form of personnel. Mrs. Lawrence is Executive Director of AMI and Mrs Worthington is Chief Financial Officer of AMI and they hold these positions in addition to their normal range of duties carried out for the MMTO.

The Maria Montessori Training Organisation runs courses that lead to an Association Montessori Internationale Diploma and must adhere to the standards for quality laid down by the AMI.

Montessori Society AMI UK

The Society is an open membership autonomous body working in adherence to AMI's aims and objectives. It is staffed essentially by volunteers. It provides its membership with publications, seminars and conferences disseminating and furthering knowledge of Montessori education and principles and the MMTO supports this society in its work.

Montessori Education UK

This organisation was created to provide a unified voice for Montessori within the UK and has also established a quality assurance scheme for Montessori schools across the country which provides mentorship for schools and helps parents identify schools with good Montessori practice. The MMTO is a founding member of this Organisation.

Bronzefield Prison

The Institute is seeking funding to continue a project to support children who are 'Born Inside' and to provide them with a developmentally sound start inside prison. The aim is to stage an intervention that may break the cycle of offending and give both mothers and children a better start in life.

Trustees' Report (Continued)

Risk assessment

The key risks to the Organisation have been identified and appropriate controls and processes have been put in place to address these. The key risks, in no particular order, currently facing the Organisation are considered to be:

| Key Risk | Potential Impact on Objectives | Risk Response |
|--|--|--|
| Governance and management structure and skills insufficient to meet the Organisation's objectives, financial resources insufficient to meet the Organisation's needs | Lack of clear plans and priorities; poor value for money; poor service delivery; uncertainty on staff and board roles and responsibilities; loss of key staff; competition from other Montessori training centres and schools | Strategic plans reviewed annually; monitoring of budgets and financial results; regular Steering Committee meetings; clear understanding of roles and responsibilities; robust recruitment process; documentation of systems and procedures; marketing plan in place and monitoring of competition. |
| Regulatory and legal changes, including UK withdrawal from Europe (Brexit), compulsory closure of school and/or college | Lack of compliance with government regulations and authorities, including Ofsted; School Inspection Service; withdrawal of college status; withdrawal of highly trusted sponsor status by the UKVI, loss of students from Europe, risk to service delivery, loss of students and/or school children. | Key legal and regulatory requirements identified and proposed changes monitored; membership of umbrella bodies eg ME(UK), ISBA; Health & Safety reviews; fire safety reviews; delegated staff responsible for regulatory areas; monitoring of changes to visa requirements and other international student issues, introduction of University sponsored Foundation Degree, remote learning plans prepared. |
| Operational risk | Pandemic (eg COVID-19), enforced school closure; computer failure; destruction of property; fraud resulting in financial loss; data loss; damage to reputation. | Contingency plans for delivery of education remotely; data backup procedures and precautions; disaster recovery plan; recruitment of suitably qualified staff; DBS clearance for all students and staff; appropriate policies and staff training; insurance including cyber insurance, financial controls in place; monitoring of budgets and financial results. |

Trustees' Report (Continued)

Financial Review

Performance in the Period

Results for the year

Income increased by £125,000 to £2,965,000 primarily as a result of increased students on training courses. The Institute held AMI Diploma and Assistants courses at all levels and also held a number of workshops and professional development days during the year. The School awarded additional financial assistance during the summer term to help families which had been adversely affected financially by the Pandemic to remain at the School. £81,000 of furlough funding was received.

Expenditure increased by £63,000 to £2,875,000 reflecting the reduction in Premises costs following the disposal of the Baker Street lease, partially offset by the annual salary increase, external trainer costs associated with courses at the 0-3 and 6-12 levels and provisions for doubtful debts.

The result of the above is a surplus of £90,000 compared with the previous year's surplus of £29,000 and is in line with the budgeted surplus.

Overall net assets of the charitable company as at 31st August 2020 are £7,756,000 (2019: £7,666,000). The company's assets are adequate to fulfil the immediate obligations of the charity.

Five year summary for the year ended 31st August

Income and Expenditure Account

| £ thousand | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------------|---------|---------|---------|---------|---------|
| Incoming Resources | 2,965 | 2,840 | 2,661 | 2,666 | 2,527 |
| Resources Expended | (2,875) | (2,811) | (2,822) | (2,520) | (2,396) |
| Net Income/(Expenditure) | 90 | 29 | (161) | 146 | 131 |

Balance Sheet Extract

| £ thousand | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------------------|-------|-------|-------|-------|-------|
| Fixed Assets | 7,851 | 7,907 | 7,947 | 7,316 | 7,292 |
| Current Assets less Liabilities | (95) | (241) | (310) | 482 | 359 |
| Funds – Restricted | 2 | 2 | 2 | 2 | 2 |
| Funds – Unrestricted | 7,754 | 7,664 | 7,635 | 7,796 | 7,649 |

Numbers of students and children

| No | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------|------|------|------|------|------|
| Students 3-6 Course | 63 | 72 | 60 | 49 | 49 |
| Students 0-3 Course | 31 | 31 | 11 | 12 | 12 |
| Students 6-12 Course | 22 | 20 | 20 | 22 | 22 |
| Other Courses | 265 | 94 | 119 | 114 | 92 |
| School children | 187 | 181 | 179 | 204 | 218 |

Trustees' Report (Continued)

Bursaries to support children and teacher trainees

Over the course of the year 68 children benefitted from assisted fees and 5 children benefitted from full fee relief; in total £310,608 (2019: £208,491) of assistance was given. A total of 39% (2019: 12.7%) of the children received help. In addition, a discount on fees of 15% was given to all children in the Children's Houses during the summer term in recognition that these children were least able to benefit from the provision of remote learning.

A full bursary was awarded to 1 student on the Diploma Course and 4 students on the Post Diploma Course. Fourteen students on Diploma courses and 30 on Assistants courses benefitted from assisted fees. A total of 18.5% (2019: 10.6%) of students were given help. A number of free and assisted places were given to staff and other attendees of workshops and events.

Fixed Assets

The movements in fixed assets are shown in the notes to the financial statements.

Freehold Land and Buildings

The company owns the freehold premises known as 26 Lyndhurst Gardens. The transitional arrangements within section 35 of FRS 102 have been applied and the property has been revalued at £6,700,000 as per the report by Jones Lang Lasalle.

Reserves Policy

The total level of funds as at 31st August 2020 were £7,756,448 (2019: £7,666,303) of which £2,178 (2019: £2,178) related to restricted funds, £7,165,155 (2019: £7,166,155) was invested in Freehold property.

The Directors also approved a transfer of £30,000 to a designated reserve for future School bursaries.

The long-term aim of the Organisation is to build up its free reserves to a level which equates to 3 months of unrestricted expenditure (£600,000). The Organisation also needs to accumulate further funds to meet its building commitments relating to the everyday repairs, renewals and refurbishment costs. The Organisation plans to build up reserves by attracting more students and children to the Institute and School.

The reserves policy will be reviewed by the directors on an annual basis.

Statement of Directors Responsibilities

The Directors (who are also trustees of The Maria Montessori Training Organisation for the purposes of charity law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the members are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK 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 charitable company will continue in business;

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

By Order of the Board


.....

13 November 2020

Mrs L. Webster
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MARIA MONTESSORI TRAINING ORGANISATION

Opinion

We have audited the financial statements of the Maria Montessori Training Organisation ('the company') for the year ended 31 August 2020 which comprise [specify the titles of the primary statements such as the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 August 2020 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Date *18 November 2020*

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Statement of Financial Activities
For the year ended 31st August 2020

| Income and Expenditure | note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2020 £ | Total Funds 2019 £ |
|--|------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Income | | | | | |
| Income from charitable activities: | | | | | |
| Course and other fees receivable | 2 | 2,945,809 | - | 2,945,809 | 2,811,933 |
| Income from generated funds: | | | | | |
| Donations and legacies | 13 | 712 | 14,679 | 15,391 | 25,649 |
| Interest receivable | | 1,056 | - | 1,056 | 1,132 |
| Other Income | | 2,664 | - | 2,664 | 1,831 |
| Total Income | | 2,950,241 | 14,679 | 2,964,920 | 2,840,545 |
| Expenditure | | | | | |
| Charitable Activities | 3 | 2,866,347 | 8,428 | 2,874,775 | 2,811,287 |
| Total Expenditure | | 2,866,347 | 8,428 | 2,874,775 | 2,811,287 |
| Net (Expenditure)/ Income before transfers | 5 | 83,894 | 6,251 | 90,145 | 29,258 |
| Transfers Between Funds | 14 | 6,251 | (6,251) | - | - |
| Net Movement in Funds | | 90,145 | - | 90,145 | 29,258 |
| Balances brought forward at 1st September 2019 | 14 | 7,664,125 | 2,178 | 7,666,303 | 7,637,045 |
| Balances carried forward at 31st August 2020 | 14 | 7,754,270 | 2,178 | 7,756,448 | 7,666,303 |

All amounts derive from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The notes on pages 23 to 33 form part of these financial statements.

**Balance Sheet
 At 31st August 2020**

| | <i>note</i> | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|--|-------------|------------------|------------------|------------------|------------------|
| Fixed Assets | | | | | |
| Intangible Assets | 7 | 1,830 | | 4,270 | |
| Tangible assets | 8 | 7,849,319 | | 7,902,570 | |
| | | <hr/> | 7,851,149 | <hr/> | 7,906,840 |
| Current Assets | | | | | |
| Debtors | 9 | 204,611 | | 135,470 | |
| Cash at bank and in hand | | 1,017,894 | | 631,342 | |
| | | <hr/> | | <hr/> | |
| | | 1,222,505 | | 766,812 | |
| Creditors: amounts falling due within one year | 10 | (1,094,299) | | (805,941) | |
| Net Current Assets /(Liabilities) | | <hr/> | 128,206 | <hr/> | (39,129) |
| Total Assets Less Current Liabilities | | | <hr/> | <hr/> | 7,867,712 |
| Creditors: amounts falling due after More than one year | 11 | | (222,907) | | (201,409) |
| Total Net Assets | | | <hr/> | <hr/> | 7,666,303 |
| Funds | | | | | |
| Restricted funds | 13 | | 2,178 | | 2,178 |
| Unrestricted funds: | | | | | |
| General | 13 | | 559,116 | | 498,971 |
| Revaluation Reserve | | | 6,508,892 | | 6,508,892 |
| Designated | | | 686,262 | | 656,262 |
| | 14 | | <hr/> | | <hr/> |
| | | | 7,756,448 | | 7,666,303 |

Approved by the board on 13 November 2020

Mr R Partridge  Director

Mr D Murphy  Director

The notes on pages 23 to 33 form part of these financial statements.
 Company Registration No: 697468

Statement of Cash Flows
For the Year ending 31st August 2020

| | | Total funds 2020 | Total funds 2019 |
|---|-------------|---------------------|---------------------|
| | <i>note</i> | £ | £ |
| Cash Flows from Operating activities: | | 406,223 | 327,860 |
| Net cash provided by (used in) operating activities | <i>17</i> | 406,223 | 327,860 |
| Cash Flows from Investing activities: | | | |
| Interest | | 1,056 | 1,132 |
| Purchase of Fixed Assets | | (20,727) | (33,209) |
| Net Cash provided by (used in) investing activities | | (19,671) | (32,078) |
| Change in cash and cash equivalents in the year | | 386,552 | 295,782 |
| Cash and cash equivalents at 1st September 2019 | | 631,342 | 335,560 |
| Cash and cash equivalents at 31st August 2020 | <i>18</i> | 1,017,894 | 631,342 |

The notes on pages 23 to 33 form part of these financial statements.

Company Registration No: 697468

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting Policies

The accounting policies remain unchanged from last year.

Accounting Basis and Standards

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice 2015: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011.

The financial statements have been prepared in sterling which is the functional currency of the charity, rounded to the nearest £.

Income

All income is recognised once the Organisation has entitlement to the income, it is probable that the income will be received, and the amount of income can be measured reliably. Income consists of school fees, nursery education grants for 3 and 4 year olds and course fees. Income is deferred only when the charity has received income in advance of conditions to be fulfilled in the future.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation committing the organisation to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity.

Support costs – where costs cannot be directly attributed they have been allocated to activities on the basis of the amount of staff time spent on each activity.

Governance costs - have been allocated to activities on the basis of the amount of staff time spent on each activity. These costs comprise all costs incurred in connection with the public accountability of the charity and its compliance with regulation and good practice and include costs related to statutory audit and legal fees.

Depreciation

Assets at a value of greater than £500 are capitalised and depreciated over their useful economic life.

Depreciation on fixed assets is provided at rates estimated to write off the cost or revalued amounts, less estimated residual value, of each asset, over its expected useful life as follows:

| | |
|---|--|
| Improvements to owned buildings | not depreciated |
| Improvements to buildings under licence | depreciated over the period of the licence |
| Office and kitchen equipment | 5 years |
| Computer equipment | between 3 and 5 years |

The company owns the freehold premises known as 26 Lyndhurst Gardens. The transitional arrangements within section 35 of FRS 102 have been applied and the property has been revalued as per the report by Jones Lang Lasalle. An annual impairment review is undertaken by the Trustees.

It is the company's practice to maintain the property in a continual state of sound repair and to make improvements thereto from time to time. The directors consider the useful economic life of the property to be in excess of 50 years, and that it did not diminish during the period under review. Consequently, no charge for depreciation is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Principal Accounting Policies (continued)

Intangible Assets

Intangible assets represent the costs of the development of the Organisation's website and are amortised over a period of three years.

Financial Instruments

The charity only holds basic financial instruments and has applied the provisions of Section 11 'Basic Financial Instruments' of FRS102 to all of its financial instruments.

Financial Instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial instruments are measured at amortised cost.

Operating Leases

Rentals paid under operating leases are charged to the SOFA on a straight line basis over the terms of the lease.

Taxation

The company has no liability to corporation tax due to its charitable status.

Employee Benefits

The costs of short term employee benefits are recognised as a liability and an expense. Termination benefits are recognised as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension

A defined contribution scheme was established in March 2015. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the scheme rules.

Funds

Unrestricted – These are funds that can be used in accordance with the charitable objects at the discretion of the trustees.

Designated – These are unrestricted funds earmarked by the trustees for particular purposes.

Restricted – These are funds that can only be used for particular purposes within the objects of the charity and are restricted by the donor.

Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Trustees to have the most significant effect on amounts recognised in the financial statements.

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property, plant and equipment and note 1 above for the useful economic lives for each class of asset.

Provisions for doubtful debts are determined by individual assessment of the amounts receivable.

Going concern

After reviewing the organisation's forecasts and projections, the directors have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Enrolment on Diploma courses remains buoyant with an increased number of students having commenced their studies in autumn 20. Assistants courses and professional development workshops will continue to be held online and courses which have taken place in the autumn term have a strong uptake. Numbers in the school are broadly in line with previous years and recruitment of pupils will continue throughout the year. On this basis the Directors have concluded that there are no material uncertainties that impact the use of the going concern basis and that the organisation will be able to settle its debts as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the going concern basis has continued to be adopted in the preparation of the financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Course and other fees

Course and other fees receivable are attributable to the principal activity of the company which arose wholly in the United Kingdom and within the charitable objects of the company.

| 2020 | Unrestricted Funds | Total Funds 2020 | Total Funds 2019 |
|---------------------|-------------------------|-------------------------|-------------------------|
| | £ | £ | £ |
| School Fees: | | | |
| Gross Fees | 2,267,639 | 2,267,639 | 2,074,697 |
| Bursaries/Discounts | (301,588) | (310,608) | (208,491) |
| Government Grants | 102,359 | 102,359 | 101,163 |
| Furlough Funding | 60,160 | 60,160 | - |
| Other School Income | <u>11,550</u> | <u>11,550</u> | <u>11,675</u> |
| | 2,140,120 | 2,131,100 | 1,979,844 |
| Course Fees: | | | |
| Gross Fees | 848,135 | 848,135 | 882,194 |
| Furlough Funding | 20,847 | 20,847 | - |
| Bursaries/Discounts | <u>(54,273)</u> | <u>(54,273)</u> | <u>(49,305)</u> |
| | 814,709 | 814,709 | 832,889 |
| | <u><u>2,954,829</u></u> | <u><u>2,945,809</u></u> | <u><u>2,811,933</u></u> |

The Organisation received Early Years Funding of £102,359 (2019: £101,163) from local authorities in respect of the 15 hours per week “free entitlement” for 3 and 4 year olds attending the school. It also received £81,007 of “Furlough” funding.

Included in unrestricted funds were donations of £9,020 during the year (2019: £5,000) as a contribution to the school bursary fund which were spent during the year.

All other school fees received in 2020 were unrestricted.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Direct Charitable Expenditure

| 2020 | Direct Staff Costs | | Allocation of Total Funds | |
|--|--------------------|------------------|---------------------------|------------------|
| | Costs | | Administration | 2020 |
| | £ | £ | £ | £ |
| Salaries and social security | | | | |
| Course Salaries | - | 498,052 | 139,327 | 637,379 |
| School salaries | - | 951,893 | 266,287 | 1,218,180 |
| Catering | 86,427 | 43,541 | 21,282 | 151,250 |
| Teaching aids, materials and other direct expenses | 49,880 | - | 5,253 | 55,133 |
| Examination costs | - | - | - | - |
| AMI fees | 41,036 | - | 4,321 | 45,357 |
| Property costs | 624,995 | - | 65,814 | 690,809 |
| Advertising | 38,688 | - | 4,074 | 42,762 |
| Governance Costs | 17,960 | 15,945 | - | 33,905 |
| | <u>858,986</u> | <u>1,509,431</u> | <u>506,358</u> | <u>2,874,775</u> |
| | | | (note 4) | |

| 2019 | Direct Staff Costs | | Allocation of Total Funds | |
|--|--------------------|------------------|---------------------------|------------------|
| | Costs | | Administration | 2019 |
| | £ | £ | £ | £ |
| Salaries and social security | | | | |
| Course Salaries | - | 430,554 | 134,619 | 565,173 |
| School salaries | - | 891,277 | 278,671 | 1,169,948 |
| Catering | 121,211 | 42,274 | 27,487 | 190,971 |
| Teaching aids, materials and other direct expenses | 38,624 | - | 4,547 | 43,170 |
| Examination costs | 1,181 | - | 139 | 1,320 |
| AMI fees | 42,596 | - | 5,014 | 47,611 |
| Property costs | 656,429 | - | 77,275 | 733,704 |
| Advertising | 26,746 | - | 3,149 | 29,894 |
| Governance Costs | 14,112 | 15,384 | - | 29,496 |
| | <u>900,899</u> | <u>1,379,489</u> | <u>530,901</u> | <u>2,811,287</u> |

Direct Governance Costs comprise audit fees in both 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Administration Costs

| 2020 | Unrestricted Funds | Restricted Funds | Total Funds 2020 | Total Funds 2019 |
|-----------------------------------|--------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Salaries | 292,213 | 8,428 | 300,641 | 318,494 |
| Accountancy and Payroll | 7,998 | - | 7,998 | 5,922 |
| Legal and Professional | 20,930 | - | 20,930 | 21,758 |
| Inspection and accreditation | 14,217 | - | 14,217 | 9,439 |
| Montessori Education (UK) Limited | - | - | - | 963 |
| Staff Life Assurance | 8,342 | - | 8,342 | 7,960 |
| Travel and subsistence | 32,302 | - | 32,302 | 71,857 |
| Printing, postage, stationery | 15,810 | - | 15,810 | 22,794 |
| Telephone | 13,810 | - | 13,810 | 10,293 |
| Sundry | 7,951 | - | 7,951 | 8,955 |
| Archiving and study centre costs | 3,375 | - | 3,375 | 4,500 |
| Bank charges | 17,470 | - | 17,470 | 14,867 |
| Subscription to examining body | 2,577 | - | 2,577 | 12,177 |
| Bad debt expense | 31,649 | - | 31,649 | 2,615 |
| Recruitment | 6,343 | - | 6,343 | 364 |
| Licenses | 4,627 | - | 4,627 | 711 |
| Depreciation | 15,876 | - | 15,876 | 14,790 |
| Amortisation | 2,440 | - | 2,440 | 2,440 |
| | <u>497,930</u> | <u>8,428</u> | <u>506,358</u> | <u>530,901</u> |

(Note 13)

Administration costs of £8,428 (2019: £32,738) were allocated against restricted funds in 2020, constituted of salaries of £8,428.

| 2019 | Unrestricted Funds | Restricted Funds | Total Funds 2019 | Total Funds 2018 |
|-----------------------------------|--------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Salaries | 285,832 | 32,662 | 318,494 | 322,838 |
| Accountancy and Payroll | 5,922 | - | 5,922 | 5,868 |
| Legal and Professional | 21,758 | - | 21,758 | 26,845 |
| Inspection and accreditation | 9,439 | - | 9,439 | 10,611 |
| Montessori Education (UK) Limited | 963 | - | 963 | 1,140 |
| Staff Life Assurance | 7,960 | - | 7,960 | 6,433 |
| Travel and subsistence | 71,857 | - | 71,857 | 56,636 |
| Printing, postage, stationery | 22,794 | - | 22,794 | 23,054 |
| Telephone | 10,293 | - | 10,293 | 10,399 |
| Sundry | 8,880 | 75 | 8,955 | 6,431 |
| Archiving and study centre costs | 4,500 | - | 4,500 | 4,725 |
| Bank charges | 14,867 | - | 14,867 | 10,328 |
| Subscription to examining body | 12,177 | - | 12,177 | 9,531 |
| Bad debt expense | 2,615 | - | 2,615 | 5,580 |
| Recruitment | 364 | - | 364 | 15,560 |
| Licenses | 711 | - | 711 | 4,153 |
| Depreciation | 14,790 | - | 14,790 | 14,860 |
| Amortisation | 2,440 | - | 2,440 | 610 |
| | <u>498,163</u> | <u>32,737</u> | <u>530,901</u> | <u>535,602</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Net Movements in Funds

| | 2020 | 2019 |
|--|---------|---------|
| | £ | £ |
| <i>The net movement in funds is stated after charging:</i> | | |
| Auditors' remuneration: | | |
| - current year | 16,000 | 13,800 |
| - (Over)/Underprovision in prior year | 1,960 | (312) |
| - In respect of other services | 8,118 | 5,405 |
| Directors' remuneration | - | 1,437 |
| Depreciation – tangible fixed assets | 73,778 | 70,461 |
| Amortisation – intangible assets | 2,440 | 2,440 |
| Loss/ (Surplus) on Disposal of Fixed Assets | 201 | 778 |
| Operating Leases | 304,275 | 316,275 |

6 Directors and Employees

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Staff costs during the year were as follows: | | |
| Wages and salaries | 1,526,655 | 1,450,676 |
| Social security costs | 152,397 | 143,646 |
| Pension costs (defined contribution scheme) | 43,029 | 31,665 |
| Pension Costs (other) | 12,456 | 13,211 |
| Redundancy and Reorganisation Costs | 3,954 | - |
| | <u>1,738,491</u> | <u>1,639,198</u> |

The number of employees whose benefits were over £60,000 during the year (excluding employer pension contributions) were:

| | 2020 | 2019 |
|------------------|--------|--------|
| | number | number |
| £60,000 - 70,000 | 2 | 2 |

Pension costs of £3,825 were paid in respect of these two employees.

The average weekly number of employees at the company during the year was 53.8 (2019 – 50.8). This is the full time equivalent of 46 (2019 – 43). There was no formal classification of duties.

The Organisation considers its key management personnel comprise the Trustees, the Executive Director and the Bursar. The total employment benefits including employer pension contributions of the key management personnel were £146,352 (2019: £141,319)

No director received any remuneration (2019 - £Nil) from the company in respect of their services as trustees. As permitted by rule 51(i) of the Articles of Association 1 (2019 – 1) director was paid £0 (2019: £1,350) for lecturing during the year. One former Director received a pension contribution of £12,000 (2019: £12,000).

No trustees in either year had any expenses reimbursed. Trustees indemnity insurance of £2,484 (2019 - £2,077) was paid during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Intangible Assets

| | IT Development £ |
|-----------------------------------|---------------------------------|
| Cost | |
| At 1 st September 2019 | 65,240 |
| Additions in the Year | - |
| At 31 st August 2020 | <u>65,240</u> |
| Amortisation | |
| At 1 st September 2019 | 60,970 |
| Charge for the Year | 2,440 |
| At 31 st August 2020 | <u>63,410</u> |
| Net Book Value | |
| At 31 st August 2020 | <u>1,830</u> |
| At 31 st August 2019 | <u>4,270</u> |

8 Tangible Fixed Assets

| | Freehold Land and Buildings £ | Building Improvem ents £ | Office and Kitchen Equipment £ | Computer & IT £ | Assets Under Construction £ | Total £ |
|-----------------------|--|---|---|------------------------------------|--|--------------------|
| Cost | | | | | | |
| At 1st September 2019 | 6,700,000 | 1,283,656 | 159,961 | 45,066 | - | 8,188,684 |
| Additions | - | - | 15,777 | 4,950 | - | 20,727 |
| Transfers | - | - | - | - | - | - |
| Disposals | - | - | - | (1,649) | - | (1,649) |
| At 31st August 2020 | <u>6,700,000</u> | <u>1,283,656</u> | <u>175,738</u> | <u>48,367</u> | <u>-</u> | <u>8,207,762</u> |
| Depreciation | | | | | | |
| At 1st September 2019 | - | 122,662 | 141,481 | 21,970 | - | 286,113 |
| Charge for the year | - | 57,902 | 8,959 | 6,917 | - | 73,778 |
| On Disposals | - | - | - | (1,448) | - | (1,448) |
| At 31st August 2020 | <u>-</u> | <u>180,564</u> | <u>150,440</u> | <u>27,439</u> | <u>-</u> | <u>358,443</u> |
| Net Book Value | | | | | | |
| At 31st August 2020 | <u>6,700,000</u> | <u>1,103,092</u> | <u>25,298</u> | <u>20,929</u> | <u>-</u> | <u>7,849,319</u> |
| At 31st August 2019 | <u>6,700,000</u> | <u>1,160,994</u> | <u>18,480</u> | <u>23,096</u> | <u>-</u> | <u>7,902,570</u> |

All fixed assets are held for direct charitable use. The transitional arrangements within section 35 of FRS 102 have been applied and the property at 26 Lyndhurst Gardens (excluding the Coach House) has been revalued by Jones Lang Lasalle on the basis of Existing Use Value as at 31st August 2014 as a D1 property, as per RICS valuation standards in a report dated 15th February 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Debtors

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Trade Debtors | 118,127 | 27,695 |
| Provision for bad and doubtful debts | (30,424) | (18,239) |
| Prepayments and accrued income | 55,203 | 56,020 |
| Other debtors | 61,705 | 69,994 |
| | <u>204,611</u> | <u>135,470</u> |

10 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|---------------------------------|------------------|----------------|
| | £ | £ |
| Trade creditors | 30,401 | 19,366 |
| Social security and other taxes | 45,713 | 40,513 |
| Accruals | 119,727 | 124,797 |
| Deferred income | 736,858 | 459,392 |
| School deposits | 111,535 | 105,935 |
| Other creditors | 50,065 | 55,937 |
| | <u>1,094,299</u> | <u>805,941</u> |

Included in Other creditors is an amount of £13,168 (2019: £9,123) which the Institute holds as custodian on behalf of school parent bodies.

Deferred income relates to course fees and school fees received in respect of the following year.

| | |
|---|----------------|
| Balance at 1 September 2019 | 459,392 |
| Fees received in advance | 665,860 |
| Released to statement of financial activities | (338,394) |
| Balance at 31 August 2020 | <u>736,858</u> |

11 Creditors: amounts falling due after more than one year

| | 2020 | 2019 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Lease Incentive Provision | 128,325 | 140,051 |
| Deferred Income | 94,582 | 61,358 |
| | <u>222,907</u> | <u>201,409</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Analysis of Net Assets between Funds

| | Unrestricted | | | Total Funds |
|---|------------------|------------------|----------------|------------------|
| | Restricted Funds | Designated Funds | General Funds | |
| | £ | £ | £ | £ |
| Fund balances as at 31 st August 2020 as represented by: | | | | |
| Tangible and intangible fixed assets | - | 7,165,154 | 685,995 | 7,851,149 |
| Net Current assets | 2,178 | 30,000 | 96,028 | 128,206 |
| Creditors falling due after more than one year | - | - | (222,907) | (222,907) |
| Total Net Assets | <u>2,178</u> | <u>7,195,154</u> | <u>559,116</u> | <u>7,756,448</u> |

13 Funds

| | Balance B/fwd | Incoming Resources | Outgoing Resources | Transfers | Total |
|---------------------------|------------------|--------------------|--------------------|----------------|------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted Funds | | | | | |
| General | 498,971 | 2,950,241 | (2,866,347) | (23,749) | 559,116 |
| Revaluation Reserve | 6,508,892 | - | - | - | 6,508,892 |
| Designated - assets | 656,262 | - | - | - | 656,262 |
| Designated - Bursaries | - | - | - | 30,000 | 30,000 |
| | <u>7,664,125</u> | <u>2,950,241</u> | <u>(2,866,347)</u> | <u>(6,251)</u> | <u>7,754,270</u> |
| Restricted Funds | | | | | |
| Help The Children Project | 2,178 | - | - | - | 2,178 |
| Born Inside Project | - | 5,659 | (8,428) | 2,769 | - |
| Bursary Fund | - | 9,020 | - | (9,020) | - |
| | <u>2,178</u> | <u>14,679</u> | <u>(8,428)</u> | <u>6,251</u> | <u>2,178</u> |
| | <u>7,666,303</u> | <u>2,964,920</u> | <u>(2,874,775)</u> | <u>-</u> | <u>7,756,448</u> |

Unrestricted Funds

The unrestricted funds are represented by the balance of fixed assets and current assets less total liabilities.

The designated fund represents the net book value of the tangible fixed assets, excluding the net book value of the capitalised refurbishment works to the leased training centre premises and a transfer to general funds has been made accordingly. The Directors have also approved a transfer of £30,000 to a designated fund for future School bursaries.

The revaluation reserve reflects the transitional arrangements within section 35 of FRS 102 which have been applied to the property at 26 Lyndhurst Gardens as per the report by Jones Lang Lasalle.

The charity's assets are available and adequate to fulfil the obligations of the charity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Restricted Funds

Restricted income of £14,769 was received in 2020, of which £5,660 related to the Born Inside Project and £9,020 was received for the school bursary fund.

Restricted income of £25,209 was received in 2019, of which £17,375 related to the Help the Children fund, £2,834 to the Born Inside Project and £5,000 was received for the school bursary fund.

The Help the Children Project fund is included within cash at bank and in hand in the balance sheet. The fund is used to help children in Africa.

During the year donations received of £0 (2019: £75) were paid to AMI for the Corner of Hope project in Kenya.

The Born Inside Fund aims to provide a support and education programme for pregnant mothers and mothers with young children born or living inside prison. Donations from individuals totalling £5,660 (2019: £2,834) were received during the year. The MMTO continues to support this project and transferred £2,768 (2019: £12,528) out of General Funds.

14 Commitments Under Operating Leases

At 31 August 2020 the charity had total commitments under non – cancellable operating leases as set out below:-

| | 2020 | 2019 |
|--------------------------------|----------------------------|----------------------------|
| | Land and Buildings £ | Land and Buildings £ |
| Operating Leases which expire: | | |
| Within 1 Year | 310,916 | 294,500 |
| Within 2 – 5 years | 829,042 | 775,917 |
| >5 Years | 345,000 | 525,000 |
| | 1,484,958 | 1,595,417 |

A 15-year lease for new Training Centre premises was signed on 11th August 2017.

15 Related Party Transactions

Lynne Lawrence is the Executive Director of the Association Montessori Internationale (AMI) whose courses are run by MMTO and Cherry Worthington is the Chief Financial Officer of AMI. They hold these positions in addition to their work at the MMTO and are remunerated directly by each organisation. AMI is a separate organisation incorporated in The Netherlands. During the year the financial interactions between AMI and the MMTO amounted to a net payment of £41,036 (2019:£20,547), represented by payments for course fee accreditation and student memberships of £41,036 (2019: £42,596) offset by reimbursement of staff and administrative expenses for Project Administration costs associated with the Corner of Hope project and AMI's Bold Goal Project of £0 (2019: £22,049). The son of a member of the Senior Management Team works as a Teaching Assistant in the School and is paid a salary in accordance with the Organisation's salary scale for Teaching Assistants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Reconciliation of cash flows from operating activities

| | 2020 | 2019 |
|--|----------|----------|
| | £ | £ |
| Net income(expenditure) for the reporting period | 90,145 | 29,258 |
| Adjustments for: | | |
| Depreciation and amortisation charges | 76,218 | 72,901 |
| Proceeds from disposal of Fixed Assets | 201 | 778 |
| Dividends, interest and rents from investments | (1,056) | (1,132) |
| (Increase)/decrease in debtors | (69,141) | (33,973) |
| Increase(decrease) in creditors | 309,856 | 260,029 |
| | <hr/> | <hr/> |
| Net cash provided by (used in), operating activities | 406,223 | 327,860 |

17 Analysis of cash and cash equivalents

| | 2020 | 2019 |
|------------------------------------|-----------|---------|
| | £ | £ |
| Cash in hand | 1,017,894 | 631,342 |
| Notice deposits less than 3 months | - | - |
| | <hr/> | <hr/> |
| Total Cash and cash equivalents | 1,017,894 | 631,342 |