

Charity Registration No. 528409

Company Registration No. 00787642 (England and Wales)

**MORETON HALL EDUCATIONAL TRUST LTD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

# MORETON HALL EDUCATIONAL TRUST LTD

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Dr L V Boon Mr C M Heath Mrs C M Neilson Mrs S M Tunstall Ms E J Flynn Ms L Yule Mr C N H Pursglove Dr J J Dixey Mr A L Stockdale Dr M M Grant Mrs A G Foulger Mrs S E Groves Mrs C A Jones	(Resigned 27 April 2020) (Appointed 27 March 2019) (Appointed 27 March 2019) (Appointed 27 March 2019)
<b>Secretary</b>	Mr I Davies	
<b>Charity number</b>	528409	
<b>Company number</b>	00787642	
<b>Registered office</b>	Moreton Hall Weston Rhyn Oswestry Shropshire United Kingdom SY11 3EW	
<b>Senior management team</b>	Mr J Forster, Principal Mr G Budd, Principal Mrs C Tilley, Vice Principal Miss S Hughes, Head of Senior School Mr I Davies, Financial Controller Mrs S Malkin, School Business Manager	(Resigned August 2019) (Appointed September 2019)
<b>Auditor</b>	Azets Audit Services Column House London Road Shrewsbury Shropshire	

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# MORETON HALL EDUCATIONAL TRUST LTD

## TRUSTEES REPORT

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The trustees present their report and accounts for the year ended 31 August 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, the Companies Act 2006 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 (FRS 102) (effective 1 January 2015)".

### Objectives and activities

#### Charitable object

The object of the Charity is to benefit the public through the advancement of education, including the provision of boarding and day schooling for girls from the age of 3 to 18 and boys aged 3 to 11.

#### Aims

The School's principal aims are to provide:

- Provides an exceptional, kind, personalised and suitably challenging education in a nurturing and liberal boarding environment where pupils take pride in each other's achievements.
- Listens to each pupil so we can provide opportunities which encourage them to forge their own path, follow their individual dreams and accomplish what they never thought possible.
- Produces inquisitive pupils with the maturity, self-awareness and resilience to flourish in the modern world and fosters lifelong friendships between them.
- Nurtures grounded self-confidence, a willingness to give everything a go and the self-belief to tackle any challenge head-on.
- Creates articulate, diverse and entrepreneurial global citizens who make ambitious and environmentally responsible contributions to teams, society and business.
- Develops wellbeing, creativity, curiosity, intellectual independence and emotional intelligence in its pupils both within and beyond the classroom.
- Encourages its pupils to have a thirst for new experiences and innovation, to passionately join in and to put themselves forwards without fear of failure.
- Ensures that every pupil makes the best possible progress across the full spectrum of Moreton life, seeking excellence not perfection, and continues to do so once they leave us.

#### Objectives for the year

Whilst planning the objectives for the year under review the trustees kept in mind the Charity Commission's guidance on public benefit. The trustees' objectives for the year under review were to maintain the academic standards of the School; to be able to fund development while at the same time holding fees as low as possible and ensuring a proper level of reward for employees; to promote open access to the School by maintaining and if possible increasing the provision of bursaries; to achieve further progress with the development plan for improving facilities; to promote links between the School and the local community including schools in the maintained sector.

#### Strategies to achieve the year's objectives

The trustees' strategy for achieving these objectives during the year has been to monitor the academic achievements of the School and to engage with the Principal and his colleagues on developments in the curriculum; to monitor the financial performance of the School and to approve a budget for the year which produces a surplus sufficient to support the School's development plan, whilst also taking into consideration the pressure that substantial fee increases can have on family budgets; to build a bursary appeal fund through the School's Foundation; to use the resources of the School's foundation to offer bursary support to students from local maintained schools; to subsidise places for local students and Moreton Hall students.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

#### Significant activities

The principal activity during the year has been the education of pupils in the widest sense. In addition to its core academic activities the School has provided a wide range of sporting, musical, dramatic and other extra-curricular pursuits. The School has sought to attract pupils from a variety of social backgrounds and has made grants in the form of bursaries to this end. The School has sought to contribute to educational initiatives, both locally and more widely - the major initiative for the year has been the planning and construction of the Holroyd Community Theatre.

# MORETON HALL EDUCATIONAL TRUST LTD

## TRUSTEES REPORT

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### Grant-making

The School has a bursary appeal fund, which is administered within its Foundation, which gives financial support to parents whose daughters have been awarded a place at the School but who cannot afford the full fees. The School also provides bursaries funded from its own income. All bursaries are means tested up to 100% of fees. Bursaries are reviewed annually. The School also awards scholarships to pupils who show exceptional academic, musical, sporting or artistic promise.

During the year the School awarded £3,640,617 (2018 - £3,666,639) in scholarship awards for academic, sport, musical, artistic and all-round excellence, and means tested bursaries designed to widen access to the School's education and relieve hardship where the pupil's education and prospects would otherwise be at risk.

### Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the trustees to present a strategic report.

### Achievements and performance

#### Charitable activities

The extent to which the School achieves its aims cannot be measured by examination results alone. There are a range of indicators, not all measurable in quantitative terms, which show how well the School is providing an academic environment with a good work ethos, an appropriate academic challenge which enables each pupil to realise their full potential, a wide range of activities through which children can develop a breadth of interests and learn to work co-operatively, a caring, supportive and well-ordered environment in which children from a variety of social backgrounds can feel secure and equally valued, and an ethos which encourages spiritual and personal development. The School's financial performance is measured against the budget for the year with monthly management accounts which compare actual and budgeted expenditure and income, thus ensuring that, providing there are no unforeseen exceptional variations in expenditure or income, there are no significant variations from budget.

The Charity is continuing to develop wider community links. The development of the Holroyd Community Theatre, due to open in November 2019, will cement Moretons reputation as a regional hub for the Arts. In addition, the charity has developed a key role, supporting the staff and pupils of a nearby state school. On a weekly basis, Moreton offers local students extra tuition in core subjects, with an emphasis on the gifted and talented, ensuring that the most able pupils receive the stretch and challenge they require. The Charity also encourages widening participation by inviting pupils from local schools to events such as the Annual Careers Convention.

While some performance factors are clearly within our control, for example quality of teaching staff, other factors are not. We count ourselves fortunate in being able to acknowledge the positive contribution made to this year's achievements by a number of factors not susceptible to control, such as our pupils' striving for excellence and their parents' endorsements of the life values we seek to inculcate. At A Level, over 70% of grades achieving A\* to B, whilst at GCSE, over half of all entries achieving top grades 9 – 7/ A\* – A.

In December 2018 the school was inspected by the Independent School's Inspectorate and was awarded the top grade of 'Excellent' for the quality of the achievement of the pupils, including their academic development, and their personal development.

The Enrichment programme within the school continues to develop with an extensive programme of lectures, clubs and societies taking learning beyond the syllabus. The school achieves outstanding results 'beyond the classroom' including success in Mathematical Olympiads, Physics Olympiads, Oxford Essay competitions and National Arts Awards. Additionally, the school has a long standing reputation for Spoken English and the Performing Arts where students achieve recognition of their talents.

The school's Enrichment Programme originally designed to assist in the preparation of Oxbridge candidates, has now been extended to each year group and is available to every girl in the school. It is designed to challenge and stretch girls and aims to provide every pupil with an education that is as broad and deep. Academic Societies include: Gertrude Bell, aimed at girls with an interest in anthropology, geography and archaeology; Pi, for would-be engineers and mathematicians; Jenner, for pupils hoping to pursue a career in every field of medicine; and Bronwen, open to every girl in the school to develop thinking skills and explore areas not covered by the examination boards. For those who intend to apply to Oxbridge (or other highly competitive Universities), an accelerated programme of tutorials, seminars and intensive interview practice is on offer.

# MORETON HALL EDUCATIONAL TRUST LTD

## TRUSTEES REPORT

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The newly established Barbirolli Music Society provides students with opportunities to receive professional level coaching through a series of masterclasses and workshops run by professional musicians.

Now in its eighth year, the Jenner Society is a Medical Science Society, established and run by the Lower Sixth Form students, which invites speakers to discuss biological developments and encourages attendance at a range of events and workshops to help girls interested in Medical and Veterinary Science. The Spring Term speakers included a senior Orthotist; a Registered General Nurse; an optometrist; an expert on seed collection and germination; and a researcher in the genetics of neural development among others.

The Bronwen Society provides a diverse collection of lectures and trips to “inspire Moreton students with food for thought from beyond the confines of the curriculum”. As with the music and medical societies, the programme is very impressive with a vast range of lectures and experiences on offer. The Gertrude Bell Society is aimed at those with an interest in anthropology, geography and archaeology and Pi is for would-be engineers and mathematicians.

There is a strong commitment to co-curricular activities for all pupils. The extended curriculum programme is designed to encourage girls to pursue a broad base of extended curriculum and enrichment activities whilst allowing the flexibility to follow special interests. Activities are tailored to each year group and offered for an hour every day, after school. Year 7 and 8 children are expected to take at least 4 activities, Year 9 and above 3. In reality, participation rates are higher than this. The school works hard to ensure that the activities students request are incorporated into the programme, so, for example, yoga and mindfulness have been offered recently.

Public speaking and debating are strengths, with students regularly achieving success in national competitions. Lacrosse is the main sport and there is a large all-weather surface, as well as impressive facilities for tennis and swimming. Drama and music are popular, and the new community theatre will ensure that these areas continue to flourish in the future.

Beyond the classroom Moreton Enterprises achieved turnover of £34,284 (2018: £30,940). Moreton students gained places in the National Youth Choir and the National Youth Theatre of Great Britain and in the English Youth Ballet.

44 students are working towards the Bronze and 35 Sixth Form pupils are preparing for the Gold standard of the Duke of Edinburgh's Award Scheme. The School does not undertake the Silver programme but moves straight on to Gold.

The School provides managed programmes for aspiring elite athletes but also encourages the overall enjoyment of sport for a student's physical and mental wellbeing. Sport plays a key part in achieving physical wellbeing and in developing teamwork. Twenty three different sports are on offer and the Sports' department boasts that no student is lost - they are encouraged and developed at the rate that works for them. The Elite Sports Scholarship & Dedicated Athletes Programmes enable students with ability and potential to benefit from coaching at workshops that work around school and home life.

### **Lacrosse 17-18**

The 1st team are North Schools' Champions, top 8 nationally, 3rd at Challenge Cup (for top 10 schools in the Country) and Shropshire North County A Champions. The 2nd team are North Schools' Champions, top 8 nationally, Shropshire North County B Champions and Welsh Rally Winners.

The U15 Team are Welsh Rally winners. The U14 Team are Number 1 Nationally after winning National Schools', and are North Schools' Champions and Welsh Rally Winners. The U13 Team are North Schools' Champions, top 4 nationally, Welsh Rally Champions, Shropshire North County A and B Champions and Prep Schools' Tournament winners. The U12 team were Second at North Schools' and the Prep Schools' Tournament.

Three of our pupils represented their countries at the 2019 Lacrosse World Cup. Two pupils played nationally, and at the World Cup festival tournament. Six pupils represented North of England Regional Academy, and three represented North East and North West of England.

### **Hockey**

The U18 and U16 Hockey teams qualified from Shropshire for the Tier 3 regional finals, and both finished in the top four. The U13 and U14 teams won their Shropshire county tournaments and represented Shropshire at Tier 1 regional finals. The U13 team also won the North Shropshire tournament and the Terra Nova invitational tournament.

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## TRUSTEES REPORT

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### **Tennis 2018**

The U15 Tennis Team won the county competition and, therefore, qualified for the Regional Finals of the Tennis Foundation Tournament, which was held at Tipton Sports Academy.

We hosted a very successful Prep Schools' Tournament in May for the third consecutive year.

The number one pair from our senior school reached the semi-final of the Midlands Schools' Tennis Tournament.

### **Cricket**

In the indoor cricket season, the U13 team finished second in the county finals, and in the U15 indoor cricket season, the team were county finalists. In the summer season all teams from U9 to U15 had a range of fixtures, achieving excellent results. The U13 cricket team performed superbly in the Abberley Hall Cricket Festival with 5 victories and 1 defeat.

### **Fundraising activities**

The Foundation had its tenth full year of fund raising and profile building activities. A range of events, including a quiz night, business lunch and foundation dinner, all served to further promote Moreton in the local and regional community. The Foundation continues to raise funds towards the Holroyd Community Theatre.

### **Investment performance**

The Charity does not have specific investment objectives, as the investments held are minimal. Investment performance is not therefore measured. All investment decisions are made within the restrictions imposed by the Memorandum and Articles of Association.

### **Financial review**

A summary of the results of operations for the year is given in the statement of financial activities on page 11. The school's operating surplus, before exceptional items, of £325,182 (2018 - £1,113,199) was a better result than budgeted for the year.

### **Appropriation of resources**

The trustees recommend that any unrestricted surplus at the end of the year be carried forward. It is anticipated that a significant amount of these reserves will be used to fund future capital projects.

### **Fixed assets**

The valuation of the land and buildings in the Charity depends largely on their continued use as a boarding School or similar activity. The trustees are satisfied that there is not a significant difference between the market value of the land and buildings and the value at which they are shown in the Financial Statements. Changes in fixed assets during the year are set out in the notes to the financial statements.

### **Reserves policy**

The total funds of the Group as at 31st August 2019 were £6,959,379 (2018: £6,634,197). Of these £5,729,800 were unrestricted funds, and £1,229,579 restricted funds. Of the £5,729,800 of unrestricted funds 8,385,083 is represented by tangible fixed assets. Therefore, the Group currently has a deficit on free reserves of £2,655,283 which primarily represents funds expended on fixed assets which have been financed through working capital.

The deficit on free reserves is consistent with the trustees medium term (5 to 10 year) projections, with cash flow projections to the years ended 31 August 2024 having been produced and considered. The School aims to continue providing an excellent environment for pupils at the School by improving on the facilities of the School both in terms of academic and pastoral provision. The programme is reviewed and updated on a regular basis, along with its impact on cash flows. In addition to the improvements programme the School has undertaken a buildings condition survey to ensure that an adequate maintenance programme is in place to protect the fabric of the current plant for the long term. The School believes that it is able to operate with a deficit on free reserves and over the foreseeable future to continue to finance these two programmes through surpluses.

The reserves policy of the school will be reviewed on an annual basis by the trustees.

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## TRUSTEES REPORT

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### **Risk management**

The trustees are responsible for the management of the risks faced by the School. Detailed considerations of risk are delegated to the senior management team of the School. Risks are identified and assessed, and controls established throughout the year. A formal review of the Charity's risk management processes is undertaken on an annual basis. The key controls used by the Charity include:

- formal agendas for all Committee and Board activity;
- comprehensive strategic planning, budgeting, management accounting, and cash flow forecasting;
- established organisational structure and line of reporting;
- formal written policies, including health and safety, crisis management, and compliance with all relevant legislation applicable to schools;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of children

Through the risk management processes established for the School, the trustees are satisfied that the major risks to which the School is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Management have considered the Covid-19 scenario and concluded that it will continue to have a material impact on income. As such appropriate steps have been taken to ensure the school continues to operate to the highest standards, these measures include utilising the various Government schemes and careful control of all expenditure.,

Revised budgets have been prepared by management and reviewed by Trustees. These show the school is able to operate within its agreed banking facilities despite the Covid impact. As such both management and trustees are confident they have the appropriate strategy in place to deal with the future challenges. That said although the position remains under constant review, based on the facilities available, it is considered appropriate to prepare the accounts on a going concern basis.

### **Future plans**

- to continue to develop the school's non-core activities to ensure that facilities within the school are utilised outside of the academic year. The main targets within this area are the development of our Summer School business;
- to continue to review the academic syllabus;
- to maintain the current high standards of academic achievement as measured by external public examinations;
- to balance academic achievement through maintaining a curriculum allowing full scope for the development of sporting and social as well as academic skills;
- to widen access to the school still further by extending the provision of means tested bursaries;
- to continue to build links with local schools in both the state and independent sector;
- to continue to build and encourage community access to the schools' facilities.

### **Theatre Project**

The Holroyd Community Theatre was completed in November 2019. The Theatre will be utilised by the surrounding primary and secondary state schools which will have access to the theatre as well as teaching, performances and workshops from the Moreton Hall drama department. Moreton's Face2Face Performance Academy, which is open to and has a significant following from the local community, will also be able to expand its programme of drama, dance and musical theatre. North Shropshire Music for local musicians from Shropshire and the Welsh Borders will also benefit from this facility and will make the Theatre their home.

### **Structure, governance and management**

#### **Governing document**

Moreton Hall Educational Trust Limited is a charitable company limited by guarantee and therefore has no share capital. Each member is liable, upon the winding up of the company, to an amount not exceeding £2. The charity was incorporated on 10th January 1964.

The company was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed under its Articles of Association. The Memorandum and Articles were drawn up on 9th December 1963.



# MORETON HALL EDUCATIONAL TRUST LTD

## TRUSTEES REPORT

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The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Dr L V Boon	
Mr C M Heath	
Mrs C M Neilson	
Mrs S M Tunstall	
Ms E J Flynn	
Ms L Yule	
Mr C N H Pursglove	
Dr J J Dixey	
Mr A L Stockdale	
Dr M M Grant	(Resigned 27 <sup>th</sup> April 2020)
Mrs A G Foulger	(Appointed 27 <sup>th</sup> March 2019)
Mrs S E Groves	(Appointed 27 <sup>th</sup> March 2019)
Mrs C A Jones	(Appointed 27 <sup>th</sup> March 2019)

The directors retiring by rotation who, being eligible, are available for re-election are:

Dr L V Boon  
Mrs S M Tunstall  
Ms E J Flynn  
Ms L V Yule

### **Recruitment and appointment of new trustees**

Trustees are appointed by the existing board of trustees in accordance with the company's Memorandum and Articles of Association. There is no set time limit for a trustee's term in office, although each year one third of the board retire by rotation. No fee or remuneration is payable to trustees, other than reimbursement, if claimed, of reasonable costs incurred in attending meetings. A trustee who is disqualified from acting under the Charities Act 2011 or does not meet all the conditions as set out in point 40 of Articles of Association, will cease to be a trustee.

In appointing new trustees, the Board first reviews the skills and expertise available among serving trustees, looking at educational, financial, legal, charity and business skills. Having identified the skills and expertise required trustees discuss suitably qualified candidates and then appoint the most suitable candidate. The Board looks to have an appropriate gender balance among trustees and to have among the trustees, Old Moretonians (former pupils of the school), and former parents.

The School has taken out trustee indemnity insurance. This covers claims made against the School in respect of trustees' liability arising from any negligent act, error or omission committed in good faith.

### **Induction and training of new trustees**

All new trustees are invited to spend a day at the school, which usually coincides with their first trustee meeting, and includes a complete tour of the school and meetings with relevant senior management. They are also encouraged to attend any seminars specifically relevant to their role as trustee. New trustees appointed as members of the Finance Committee are briefed on the School's financial position by the chairman of the Committee.

### **Organisational structure**

The trustees of the Charity are responsible for the overall management and control of the School and meet three times a year. There is one principal trustee sub-committee. The Finance Committee meets before each meeting of the full trustees, and addresses matters relating to finance. Mr A L Stockdale was chairman of the finance committee during the year.

The work of implementing most of the trustees' policies and the day to day running of the School is delegated to the Principal, the Financial Controller and the Senior Management Team. The Principal and Financial Controller attend all full Trustee and Finance Committee meetings.

### **Key management personnel remuneration policy**

The pay of key management personnel is reviewed annually by the governors. The charity benchmarks remuneration against other similar sized independent schools, using both AGBIS and the Baines Cutler salary surveys.

# MORETON HALL EDUCATIONAL TRUST LTD

## TRUSTEES REPORT

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### **Wider network**

Moreton Hall belongs to several representative bodies in the independent school sector, whose goal is the enhancement of the highest standards of education. We are also seeking to increase our contact with local charities and schools in our ongoing endeavours to widen public access to the schooling we can provide and to optimise the use of our cultural and sporting facilities. The school also benefits from the generosity of a thriving network of Old Moretonians whose close support we greatly appreciate.

### **Related parties**

The Charity has a wholly owned non-charitable subsidiary, Moreton Hall Services Limited, whose trading performance is disclosed in the consolidated accounts which are publicly available from the Registrar of Companies, Cardiff.

### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees report, including the strategic report, was approved by the Board of Trustees.

**Dr J J Dixey**

Trustee

Dated: 20 October 2020

# MORETON HALL EDUCATIONAL TRUST LTD

## TRUSTEES REPORT

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### **Statement of trustees responsibilities**

The trustees, who are also the directors of Moreton Hall Educational Trust Ltd for the purpose of company law, are responsible for preparing the Trustees Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts 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, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

# MORETON HALL EDUCATIONAL TRUST LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MORETON HALL EDUCATIONAL TRUST LTD

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#### Opinion

We have audited the financial statements of Moreton Hall Educational Trust Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2019 which comprise Group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the Group Consolidated Balance Sheet, the Group Consolidated Statement of Cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2019, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 group 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# MORETON HALL EDUCATIONAL TRUST LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MORETON HALL EDUCATIONAL TRUST LTD

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#### **Opinion 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our Auditor's report.

**Dawn Owen BA (Hons) FCA BFP FCA**  
**Reg No: 8748676**  
**Senior Statutory Auditor**

for and on behalf of Azets Audit Services

21.10.2020  
Column House  
London Road  
Shrewsbury  
SY2 6NN

**Registered by: The Institute of Chartered Accountants in England & Wales**

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# MORETON HALL EDUCATIONAL TRUST LTD

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	-	110,699	110,699	832,754
Charitable activities	4	10,326,596	-	10,326,596	10,473,427
Investments	5	722	-	722	793
Activities for generating funds					
- Trading Company		34,284	-	34,284	30,940
Other income	6	50,000	-	50,000	6,884
<b>Total income and endowments</b>		<b>10,411,602</b>	<b>110,699</b>	<b>10,522,301</b>	<b>11,344,798</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	43,256	-	43,256	65,392
Charitable activities	9	10,107,329	13,444	10,120,773	10,136,300
Costs of generating funds					
- Trading costs		32,859	-	32,859	30,061
<b>Total resources expended</b>		<b>10,183,444</b>	<b>13,444</b>	<b>10,196,888</b>	<b>10,231,753</b>
Net gains/(losses) on investments	13	(231)	-	(231)	154
<b>Net movement in funds</b>		<b>227,927</b>	<b>97,255</b>	<b>325,182</b>	<b>1,113,199</b>
Fund balances at 1 September 2018		5,501,873	1,132,324	6,634,197	5,520,998
<b>Fund balances at 31 August 2019</b>		<b>5,729,800</b>	<b>1,229,579</b>	<b>6,959,379</b>	<b>6,634,197</b>

The consolidated statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The consolidated statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# MORETON HALL EDUCATIONAL TRUST LTD

## CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31 AUGUST 2019

		<u>Group</u>		<u>Charity</u>	
	Notes	2019 £	2018 £	2019 £	2018 £
<b>Fixed Assets</b>					
Tangible assets	14	9,545,891	8,938,924	9,545,191	8,937,991
Investments	15	10,754	10,985	10,754	10,985
Investments in subsidiary		-	-	2	2
		<hr/>	<hr/>	<hr/>	<hr/>
		9,556,645	8,949,909	9,555,947	8,948,978
<b>Current assets</b>					
Stocks		16,723	18,129	15,026	15,865
Debtors	17	549,715	417,263	549,715	417,263
Cash at bank and in hand		2,241,374	1,639,882	2,235,674	1,638,322
		<hr/>	<hr/>	<hr/>	<hr/>
		2,807,812	2,075,274	2,800,415	2,071,450
<b>Creditors</b>					
Amounts falling due within one year	19	(3,879,298)	(3,143,975)	(3,883,519)	(3,151,737)
<b>Net current assets/(liabilities)</b>		<hr/> (1,071,486)	<hr/> (1,068,701)	<hr/> (1,043,104)	<hr/> (1,080,287)
<b>Total assets less current liabilities</b>		8,485,159	7,881,120	8,472,843	7,868,691
<b>Creditors</b>					
Amounts falling due after more than one year	20	(1,525,780)	(1,247,011)	(1,525,780)	(1,247,011)
<b>Net assets</b>		<hr/> 6,959,379	<hr/> 6,634,197	<hr/> 6,947,063	<hr/> 6,621,680
<b>Funds</b>					
Unrestricted funds		5,729,800	5,501,873	5,717,484	5,489,356
Restricted funds	23	1,229,579	1,132,324	1,229,579	1,132,324
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds</b>		<hr/> 6,959,379	<hr/> 6,634,197	<hr/> 6,947,063	<hr/> 6,621,680

The accounts were approved by the Board on 18 August 2020

**Dr J J Dixey**

Trustee

Dated: 20 October 2020

# MORETON HALL EDUCATIONAL TRUST LTD

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		1,285,238		984,694
<b>Investing activities</b>					
Purchase of tangible fixed assets		(966,499)		(313,288)	
Purchase of investments		-		-	
Loss on disposal of fixed assets		4,912		32,215	
Interest received		722		793	
Financing costs		(54,853)		(61,602)	
<b>Net cash used in investing activities</b>			(1,015,718)		(341,882)
<b>Financing activities</b>					
Repayment of bank loans		(171,353)		(197,003)	
New loan		503,750		-	
<b>Net cash (used in)/generated from financing activities</b>			332,397		(197,003)
<b>Net increase/(decrease) in cash and cash equivalents</b>			606,107		445,809
Cash and cash equivalents at beginning of year			1,639,457		1,193,648
<b>Cash and cash equivalents at end of year</b>			2,241,374		1,639,457
<b>Relating to:</b>					
Bank balances and short-term deposits			2,241,374		1,639,457
Bank overdrafts			-		-



# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies

##### Charity information

Moreton Hall Educational Trust Ltd is a private company limited by guarantee incorporated in England and Wales. The registered office is Moreton Hall, Weston Rhyn, Oswestry, Shropshire, SY11 3EW, United Kingdom.

##### Group accounts

These financial statements consolidate the results of the charity and its wholly owned subsidiary Moreton Hall Services Ltd on a line by line basis. In accordance with Section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented for Moreton Hall Educational Trust Ltd. The charity income for the year was £10.5m (2018: £11.3m) with a surplus of £325k (2018: £1.1m).

#### 1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2016. The charity is a Public Benefit Entity as defined by FRS 102.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

Management have considered the Covid-19 scenario and concluded that it will continue to have a material impact on income. As such appropriate steps have been taken to ensure the school continues to operate to the highest standards, these measures include utilising the various Government schemes and careful control of all expenditure.

Revised budgets have been prepared by management and reviewed by Trustees. These show the school is able to operate within its agreed banking facilities despite the Covid impact. As such both management and trustees are confident they have the appropriate strategy in place to deal with the future challenges. That said although the position remains under constant review, based on the facilities available, it is considered appropriate to prepare the accounts on a going concern basis.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1.4 Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be qualified with reasonable accuracy.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

#### 1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to this category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

#### 1.6 Tangible fixed assets

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	at varying rates on cost
M & E work	2% on cost
Fixtures and fittings	20% - 33.3% on cost, 10% - 25% on reducing balance
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

It is the general policy of the school to only capitalise expenditure which exceeds £2,000.

#### 1.7 Fixed asset investments

The investment in the subsidiary company and unlisted investments are stated at cost at the balance sheet date. Listed investments are revalued to market value at each year end. The Statement of Financial Activities includes the net gains and losses on disposals throughout the year.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured at cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.9 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### 1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 1.11 Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### 1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all 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.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

### 1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

### 1.14 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1.15 Retirement benefits

The school contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the school. In accordance with FRS17 therefore, the scheme is accounted for as a defined contribution scheme. The school contributes to individual personal pension schemes for non-teaching staff. Contributions to both schemes are charged to the SOFA as they become payable in accordance with the rules of the schemes.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease.

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

#### 1.17 Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Designated funds are funds which the trustees have set aside for specific purposes as the need arises.

Restricted funds can only be used for specific purposes within the objects of the School. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

## 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not clear from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

## 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Donations and gifts	-	110,699	110,699	832,754
<b>For the year ended 31 August 2018</b>	<u>9,767</u>	<u>822,987</u>		<u>832,754</u>

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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**4 Charitable activities**

	Gross fees receivable	Remissions	Registration fees	Other educational income	Total 2019	Total 2018
	£	£	£	£	£	£
Sales within charitable activities	12,788,434	(3,640,617)	24,631	1,154,148	10,326,596	10,473,427
	<u>12,788,434</u>	<u>(3,640,617)</u>	<u>24,631</u>	<u>1,154,148</u>	<u>10,326,596</u>	<u>10,473,427</u>
<b>Analysis by fund</b>						
Unrestricted funds	12,788,434	(3,640,617)	24,631	1,154,148	10,326,596	
Restricted funds	-	-	-	-	-	
	<u>12,788,434</u>	<u>(3,640,617)</u>	<u>24,631</u>	<u>1,154,148</u>	<u>10,326,596</u>	
<b>For the year ended 31 August 2018</b>						
Unrestricted funds	13,087,947	(3,666,639)	26,021	1,026,098		10,473,427
Restricted funds	-	-	-	-		-
	<u>13,087,947</u>	<u>(3,666,639)</u>	<u>26,021</u>	<u>1,026,098</u>		<u>10,473,427</u>

**5 Investments**

	2019	2018
	£	£
Dividends	722	793
	<u>722</u>	<u>793</u>

**6 Other income**

	2019	2018
	£	£
Other income	50,000	6,884
	<u>50,000</u>	<u>6,884</u>

**MORETON HALL EDUCATIONAL TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
***FOR THE YEAR ENDED 31 AUGUST 2019***

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**7 Raising funds**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fundraising activities	<u>43,256</u>	<u>65,392</u>

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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**8 Income from subsidiary's trading activities**

The Charity owns the whole of the share capital of Moreton Hall Services Ltd, a company registered in the United Kingdom with number 2964198, which continued as the trading arm of the School supplying staff, pupils and parents with a range of products on a continuing basis.

Its trading results for the year, as extracted from the audited accounts, are summarised below:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Turnover	34,284	30,940
Cost of sales	<u>(28,267)</u>	<u>(26,257)</u>
<b>Gross profit</b>	6,017	4,683
Administrative expenses	<u>(6,218)</u>	<u>(4,955)</u>
<b>Operating profit/(loss)</b>	(201)	(272)
<b>Interest payable</b>	<u>-</u>	<u>-</u>
Net profit/(loss)	(201)	(272)
Retained profit brought forward	<u>12,517</u>	<u>12,789</u>
<b>Retained profit carried forward</b>	<u><u>12,316</u></u>	<u><u>12,517</u></u>

Administrative expenses include £1,626 (2018 - £1,151) in respect of a charitable donation to the School. At 31 August 2019 there was a balance of £8,432 between the companies (2018 - £11,602).

Its balance sheet for the year, as extracted from the audited accounts, is summarised below:

	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
Fixed assets	700	933
Current assets	15,829	15,426
Less current liabilities	<u>(4,211)</u>	<u>(3,840)</u>
<b>Net assets</b>	<u>12,318</u>	<u>12,519</u>
Called up share capital	2	2
Profit and loss account	<u>12,316</u>	<u>12,517</u>
	<u><u>12,318</u></u>	<u><u>12,519</u></u>

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**9 Charitable activities**

	Education	Teaching	Welfare	Premises	Total 2019	Total 2018
	£	£	£	£	£	£
Staff costs	-	6,111,165	-	-	6,111,165	5,781,668
Depreciation and impairment	13,444	-	-	324,437	337,881	343,525
Bad debts	(19,992)	-	-	-	(19,992)	24,000
Hire of plant and machinery	-	-	-	-	-	-
Teaching costs	-	369,457	-	-	369,457	515,586
House expenditure	-	-	99,156	-	99,156	119,688
Medical and sanatorium	-	-	35,019	-	35,019	21,848
Catering	-	-	520,044	-	520,044	583,297
School hospitality	-	-	124,183	-	124,183	127,061
Building repairs and maintenance	-	-	-	128,065	128,065	158,890
Special projects	-	-	-	25,138	25,138	19,392
Grounds and gardens	-	-	-	26,397	26,397	28,118
Security - night patrol	-	-	-	46,819	46,819	47,233
Rates	-	-	-	33,428	33,428	38,842
Utilities	-	-	-	263,903	263,903	239,950
Insurance	-	-	-	41,246	41,246	39,106
Lettings	117,360	-	-	-	117,360	217,136
Other charitable expense	512,097	-	-	(3,424)	508,673	498,931
	<u>622,909</u>	<u>6,480,622</u>	<u>778,402</u>	<u>866,009</u>	<u>8,767,942</u>	<u>8,804,271</u>
Share of support costs (see note 10)	1,265,074	-	-	-	1,265,074	1,268,573
Share of governance costs (see note 10)	87,757	-	-	-	87,757	63,492
	<u>1,975,740</u>	<u>6,480,622</u>	<u>778,402</u>	<u>866,009</u>	<u>10,120,773</u>	<u>10,136,300</u>
<b>Analysis by fund</b>						
Unrestricted funds	1,962,296	6,480,622	778,402	10,107,329	10,122,856	
Restricted funds	13,444	-	-	-	13,444	
	<u>1,975,740</u>	<u>6,480,622</u>	<u>778,402</u>	<u>10,107,329</u>	<u>10,136,300</u>	
<b>For the year ended 31 August 2018</b>						
Unrestricted funds	2,040,001	6,297,254	851,894	933,707		10,122,856
Restricted funds	13,444	-	-	-		27,287
	<u>2,053,445</u>	<u>6,297,254</u>	<u>851,894</u>	<u>933,707</u>		<u>9,246,737</u>



**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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**9 Charitable activities**

There was a payment of £30,000 ex-gratia payments provided for in the year (2018: £17,500). These costs were included within staff costs. Authority for these was given by the Board of Trustees.

**10 Support costs**

	<b>Support costs</b>	<b>Governance costs</b>	<b>2019</b>	<b>2018</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Staff costs	828,761	-	828,761	818,293	
Bank charges	4,814	-	4,814	8,137	
Telephone	24,774	-	24,774	22,773	
Postage and stationery	40,972	-	40,972	51,362	
Marketing and publicity	208,670	-	208,670	222,206	
Office equipment	698	-	698	7,438	
Staff recruitment	50,880	-	50,880	20,722	
Motor expenses	294	-	294	840	
Subscriptions	17,572	-	17,572	17,278	
Sundry expenses	12,856	-	12,856	15,830	
Depreciation of tangible fixed assets	19,930	-	19,930	22,056	
Bank loan interest	54,853	-	54,853	61,602	
Professional fees	-	74,237	74,237	54,992	Governance
Auditors' remuneration	-	13,520	13,520	8,500	Governance
	<u>1,265,074</u>	<u>87,757</u>	<u>1,352,831</u>	<u>1,332,029</u>	
Analysed between					
Charitable activities	<u>1,265,074</u>	<u>87,757</u>	<u>1,352,831</u>	<u>1,332,029</u>	

Bank loan interest above consists of £54,853 charges for the year (2018: £61,602).

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**11 Trustees**

There were no trustees' remuneration or other benefits for the year ended 31 August 2019 nor for the year ended 31 August 2018.

**Trustees' expenses**

Trustees were reimbursed expenses in the year of £171 (2018 - one of the trustees were reimbursed expenses of £501).

**12 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	<b>2019 Number</b>	<b>2018 Number</b>
Teaching	123	117
Support and ancillary	129	130
	<u>252</u>	<u>247</u>

**Employment costs**

	<b>2019 £</b>	<b>2018 £</b>
Wages and salaries	5,878,510	5,594,231
Social security costs	534,716	511,953
Other pension costs	526,700	493,777
	<u>6,939,926</u>	<u>6,599,961</u>

The number of employees whose annual remuneration was £60,000 or more were:

	<b>2019 Number</b>	<b>2018 Number</b>
£80,000 - £90,000	2	2
£140,000 - £150,000	1	1

Two of these employees have retirement benefits accruing in the defined benefit scheme.

Contributions made by Moreton Hall Educational Trust Ltd on their behalf were as follows:

£80,000 - £90,000: £24,932 (2018 - £23,592)  
£140,000 - £150,000: £Nil (2018 - £Nil)

**MORETON HALL EDUCATIONAL TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Remuneration of key management**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	428,451	417,278
	<u>          </u>	<u>          </u>

**13 Net gains/(losses) on investments**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Revaluation of investments	(231)	154
	<u>          </u>	<u>          </u>

# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 14 Group tangible fixed assets

	Freehold property £	M & E Work £	Imp to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>							
At 1 September 2018	12,285,606	577,378	41,723	11,731	732,189	178,326	13,826,953
Additions	940,538	-	-	-	7,572	18,389	966,499
Reclassification	51,590	-	-	-	(51,590)	-	-
Disposals	-	-	-	-	-	(21,457)	(21,457)
At 31 August 2019	<u>13,277,734</u>	<u>577,378</u>	<u>41,723</u>	<u>11,731</u>	<u>688,171</u>	<u>175,258</u>	<u>14,771,995</u>
<b>Depreciation and impairment</b>							
At 1 September 2018	3,964,483	174,701	41,723	10,798	579,326	116,998	4,888,029
Depreciation charged in the year	305,373	11,548	-	233	20,959	19,931	358,044
Eliminated in respect of disposals	-	-	-	-	-	(19,969)	(19,969)
At 31 August 2019	<u>4,269,856</u>	<u>186,249</u>	<u>41,723</u>	<u>11,031</u>	<u>600,285</u>	<u>116,960</u>	<u>5,226,104</u>
<b>Carrying amount</b>							
At 31 August 2019	<u>9,007,878</u>	<u>391,129</u>	<u>-</u>	<u>700</u>	<u>87,886</u>	<u>58,298</u>	<u>9,545,891</u>
At 31 August 2018	<u>8,321,123</u>	<u>402,677</u>	<u>-</u>	<u>933</u>	<u>152,863</u>	<u>61,328</u>	<u>8,938,924</u>

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**14 Group tangible fixed assets**

Included in cost or valuation of land and buildings is freehold land of £1,296,624 (2018 - £349,289), which is not depreciated.

The assets shown above as plant and machinery comprise the total tangible fixed assets of Moreton Hall Services Ltd.

**15 Fixed asset investments**

	<b>Listed investments £</b>	<b>Unlisted investments</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 31 August 2018	10,258	727	10,985
Valuation changes	(231)	-	(231)
	<hr/>	<hr/>	<hr/>
At 31 August 2019	10,027	727	10,754
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
At 31 August 2019	10,027	727	10,754
	<hr/>	<hr/>	<hr/>
At 31 August 2018	10,258	727	10,985
	<hr/>	<hr/>	<hr/>

**16 Charity and group financial instruments**

	<b>Group</b>		<b>Charity</b>	
	<b>2019 £</b>	<b>2018 £</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	2,742,073	2,036,725	2,736,373	2,035,165
Equity instruments measured at cost less impairment	727	727	729	729
Equity instruments measured at fair value	10,027	10,258	10,027	10,258
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	2,215,421	1,866,867	2,219,642	1,869,882
	<hr/>	<hr/>	<hr/>	<hr/>

# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

Financial assets measured at amortised cost in relation to the group consists of trade debtors, other debtors and cash at bank and in hand. The charity also includes amounts due from subsidiary.

Financial liabilities measured at amortised cost consists of bank loans, bank overdrafts, trade creditors, other creditors and accruals.

In relation to the equity instruments measured at fair value, dividend income of £722 (2018: £793) has been recognised in the year. The fair value adjustment for the year was a loss of £231 (2018: gain of £154).

#### 17 Debtors

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	498,639	397,268	498,639	397,268
Other debtors	2,060	-	2,060	-
Prepayments and accrued income	49,016	19,995	49,016	19,995
	<u>549,715</u>	<u>417,263</u>	<u>549,715</u>	<u>417,263</u>

#### 18 Loans and overdrafts

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	1,768,008	1,436,036	1,768,008	1,436,036
	<u>1,768,008</u>	<u>1,436,036</u>	<u>1,768,008</u>	<u>1,436,036</u>
Payable within one year	242,228	189,025	242,228	189,025
Payable after one year	1,525,780	1,247,011	1,525,780	1,247,011
	<u>1,525,780</u>	<u>1,247,011</u>	<u>1,525,780</u>	<u>1,247,011</u>

The bank loans are secured by a first legal charge over freehold land and property, a fixed charge over book debts and a floating charge over all other assets. In addition to this there is an available overdraft facility, secured under the same provisions. The bank loans amount includes overdraft of £nil (2018: £425).

#### 19 Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 18)	242,228	189,025	242,228	189,025
Other taxation and social security	177,474	25,009	177,474	25,009
Deferred income	40,000	-	40,000	-
Payments received on account	2,972,183	2,503,857	2,972,183	2,503,857
Trade creditors	186,149	196,902	186,149	196,902
Amounts due to subsidiary	-	-	8,432	11,602
Other creditors	40,946	30,396	40,946	30,396
Accruals and deferred income	220,318	198,786	216,107	194,946
	<u>3,879,298</u>	<u>3,143,975</u>	<u>3,883,519</u>	<u>3,151,737</u>

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**20 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (see note 18)	1,525,780	1,247,011	1,525,780	1,247,011
	<u>1,525,780</u>	<u>1,247,011</u>	<u>1,525,780</u>	<u>1,247,011</u>

**21 Prepaid Fees Scheme**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Within 1 year	100,988	181,752
Within 1-2 years	40,532	26,725
Within 2-5 years	29,334	6,189
More than 5 years	-	-
	<u>170,854</u>	<u>214,157</u>

The balance represents the accrued liability under the contracts. The movements during the year were:

	<b>2019</b>
	<b>£</b>
Balance at 1st September 2018	214,157
Additional prepaid fee amounts	146,706
Amounts utilised in payment of fees to the school	(190,009)
	<u>170,854</u>
Balance at 31st August 2019	<u>170,854</u>

**22 Retirement benefit schemes**

The Teacher's Pension Budgeting and Valuation Account

# MORETON HALL EDUCATIONAL TRUST LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### Valuation of the Teacher's Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2004 - 31 March 2012. The GA's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed rate of return is 3.0% in excess of prices. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. These revised contributions were implemented on 1 September 2015.



**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**22 Retirement benefit schemes**

From 1 April 2015, the TPS was reformed, with a different benefit structure for a number of members. These changes have been allowed for in the contribution rate.

The pension charge for the year represents contributions payable to the Scheme of £481,900 (2018 - £466,648).

The school also contributes to personal pension schemes for some non-teaching staff. They are defined contribution schemes and contributions are charged to the SOFA as they accrue. The total pension charge for the year was £52,812 (2018 - £27,129).

From the 1 September 2019, the employers pension contributions will rise from 16.48% to 23.68% an increase of 43%. This includes a levy of 0.08% to pay for administration.

There is no change in the income related contributions that teachers pay (which is an average 9.6% of salary but is dependant on bandings).

**23 Movement in funds**

	Balance at 1 September 2018 £	Incoming resource £	Movement in funds Resources expended £	Transfers between funds £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>					
General fund	5,489,356	10,378,944	(10,150,816)	-	5,717,484
Non-charitable trading funds	12,517	34,284	(34,485)	-	12,316
	<u>5,501,873</u>	<u>10,413,228</u>	<u>(10,185,301)</u>	<u>-</u>	<u>5,769,800</u>
<b>Restricted funds</b>					
IT Centre Fund	11,251	-	(8,929)	-	2,322
Norman Quick	5,598	-	-	-	5,598
Foundation	59,631	-	(1,325)	-	58,306
Lingard Goblet	1,000	-	-	-	1,000
Science Block	90,075	-	(2,002)	-	88,073
Sports Pavilion	56,625	-	(1,188)	-	55,437
Walled Garden	3,000	-	-	-	3,000
Theatre Project	905,144	110,699	-	-	1,015,843
	<u>1,132,324</u>	<u>110,699</u>	<u>(13,444)</u>	<u>-</u>	<u>1,229,579</u>
	<u>6,634,197</u>	<u>10,523,927</u>	<u>(10,198,745)</u>	<u>-</u>	<u>6,959,379</u>

The income funds of the charity include restricted funds comprising the above unexpended balances of donations and grants held on trust for specific purposes:

# **MORETON HALL EDUCATIONAL TRUST LTD**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2019***

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### **IT Centre**

This fund represents monies given to cover the development of the IT suite and income is released from this fund in line with the depreciation of the suite.

### **Foundation**

This fund represents money received for bursaries and capital projects raised from appeals, events and bequests. In the year ended 31 August 2014 this money was spent on the development of the science block and income is being released from the fund in line with the depreciation of the science block.

### **Science Block**

This represents monies given for the development of the science block and is being released from the fund in line with the depreciation of the science block.

### **Sports Pavilion**

This fund represents monies given for the building of a sports pavilion and is being released from the fund in line with the depreciation of the pavilion.

### **Centenary Scholarships**

This represents money given for scholarships awarded to pupils. All monies have been spent on scholarships in the year.

### **Walled Garden**

This represents money given for a project to develop the walled garden. The work on the walled garden has yet to be started.

### **Theatre Project**

This represents money given to build a new theatre. The construction is to continue into the next financial year, costs expected approx.. £500,000.

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

**24 Analysis of net assets between funds - Group**

	Unrestricted funds £	Restricted funds £	Total £
<b>Fund balances at 31 August 2019 are represented by:</b>			
Tangible assets	8,385,083	1,160,808	9,545,891
Investments	10,754	-	10,754
Current assets/(liabilities)	(1,140,257)	68,771	(1,071,486)
Long term liabilities	(1,525,780)	-	(1,525,780)
	<u>5,729,800</u>	<u>1,229,579</u>	<u>6,959,379</u>

**Analysis of net assets between funds – Charity**

	Unrestricted funds £	Restricted funds £	Total £
<b>Fund balances at 31 August 2019 are represented by:</b>			
Tangible assets	8,384,383	1,160,808	9,545,191
Investments	10,756	-	10,756
Current assets/(liabilities)	(1,151,875)	68,771	(1,083,104)
Long term liabilities	(1,525,780)	-	(1,525,780)
	<u>5,717,484</u>	<u>1,229,579</u>	<u>6,947,063</u>

**25 Operating lease commitments**

At the reporting end date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	4,856	4,856
Between two and five years	12,545	19,424
	<u>17,401</u>	<u>24,280</u>

**MORETON HALL EDUCATIONAL TRUST LTD**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**26 Related party transactions**

**Transactions with related parties**

During the year the charity entered into the following transactions with related parties:

Two of the trustees, Mr M Heath and Mr S Baynes, have children or grandchildren at the School. They receive no remission of fees by virtue of their membership of the governing body.

<b>27 Cash generated from operations</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Surplus for the year	325,182	1,113,199
Adjustments for:		
Investment income recognised in profit or loss	(722)	(793)
Loss on disposal of tangible fixed assets	(3,424)	-
Fair value gains and losses on investments	231	(154)
Depreciation and impairment of tangible fixed assets	358,044	365,893
Financing costs	54,853	61,602
Movements in working capital:		
Decrease/(increase) in stocks	1,406	2,564
(Increase) in debtors	(132,452)	208,267
Increase/(decrease) in creditors	646,310	(765,884)
Increase in deferred income	40,000	-
<b>Cash generated from operations</b>	<b>1,285,238</b>	<b>984,694</b>

**28 Capital commitments**

At the reporting end date, the charity had capital commitments as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	500,000	-

**29 Controlling party**

The School, having no share capital, is under control of the Board of Trustees.