

MICHAEL HALL SCHOOL

Trustees Report

and Financial Statements

for the year ended 31 July 2021

Registered Charity Number 307006

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

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MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Trustee

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

W Forward	(Teacher, Chair from 21/02/21)	(appointed 20 March 2017)
J Sharpe	(Independent, Chair from 16/10/20 to 21/02/21)	(resigned 21 February 2021)
S Rafferty	(Independent, Chair to 16/10/20)	(resigned 16 October 2020)
H Hebrank	(Parent)	(resigned 11 September 2021)
M Hindler	(Independent)	(appointed 10 January 2020)
V King	(Teacher)	(resigned 11 September 2021)
S Kirby	(Independent)	(appointed 16 March 2019)
L Lines	(Independent)	(appointed 3 February 2021)
M Macdonald	(Teacher)	(resigned 11 September 2021)
E Maslen	(Parent)	(appointed 13 November 2019)
T Michaels	(Parent)	(appointed 23 November 2020)
B Ozgen	(Parent)	(resigned 16 November 2020)
T Souleiman	(Parent)	(appointed 9 December 2019)

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

Management

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

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

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

Principal office

Kidbrooke Park
Priory Road
Forest Row
East Sussex
RH18 5JA

Charity registered number

307006

Auditors

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

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REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Ellis Whittham Limited
Woodhouse
Aldford
Chester
Cheshire
CH3 6JD

Bankers

HSBC
38 London Road
East Grinstead
West Sussex
RH19 1AB

Barclays Bank Plc
18 Southgate Street
Gloucester
GL1 2DH

Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

REPORT OF THE TRUSTEE

The Trustees have pleasure in presenting the annual report for the purposes of the Charities Act 2011, together with the accounts for the year ended 31 July 2021. The trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

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

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

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

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

The School is a member school of the Steiner Waldorf Schools Fellowship (SWSF), which has a code of conduct and has recommendations for policies and procedures. Under the leadership of the Acting Principal, the school now enjoys a close and effective partnership with the SWSF.

Risk Management

The trustees have assessed the significant risks to which the charity is exposed. Following the most recent full Ofsted inspection, the greatest risk facing the school remains the current Ofsted rating (and the subsequent impact on pupil numbers). Although many of our parent body do not subscribe to Ofsted as an important indicator of a child's success at school, there can be no doubt that it has had an impact on our pupil numbers, which are lower than optimal. Significant work to ensure that the next full inspection results in a positive grading and report has been undertaken and continues to be a primary focus of the school's leadership. In November 2021, Ofsted conducted a "Performance Monitoring Inspection" to check on progress of improvement until such time as a full Ofsted Inspection was announced. The results of this interim inspection found the school to be "Good", having met all standards expected at the time of inspection. The Acting Principal commissioned a full external Safeguarding audit, an audit of the teaching and learning provision and has appointed a School Improvement Partner (SIP) to scrutinise work and offer advice on how to ensure improvement. All have determined the school's provision to be

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

REPORT OF THE TRUSTEE

of a good standard, and the school looks forward to being able to welcome Ofsted back to conduct a full inspection to demonstrate the improvements that have been made across the board. The school has a comprehensive School Improvement Plan, which has been approved by the SWSF, the SIP and Trustees, and has confidence that the pending 3 day Ofsted inspection will find Michael Hall to be good with elements of outstanding.

The School continues to work closely with the SWSF, and relationships between Ofsted and the SWSF have seen significant improvements in the outcomes of other Steiner Waldorf organisations' recent Ofsted inspections. Relationships with the SWSF continue to improve under the Acting Principal, and the two organisations move together in complete partnership, with positive Ofsted relationships and outcomes being a key area of focus.

Other risks that Trustees carefully monitor relate to the specific operational areas of the charity and its finances. The Trustees closely monitor reserve levels, ensure controls exist over critical financial systems, and examine the operational and business risks faced by the charity. A comprehensive strategic plan for the business has been agreed, which details methods to ensure an upturn in the organisation's financial security.

The COVID-19 pandemic has posed a significant risk to the school. With isolation rules requiring staff to stay away from school, staff absence and payment for sick leave has been extremely high. As well as adding additional operational burden, the school has had to develop systems of distance learning.

Historically, debt from unpaid fees has been a significant problem. However, the school has now appointed a credit controller, and most of the historic owed debt has been addressed, and fees are now paid at an accepted level (approx. 97% of fees are paid on time). All families with outstanding debt have agreed a longer-term repayment plan to clear any outstanding fees.

Reliance on fee assistance continues to be reduced, with 10% of the expected gross income from fees being apportioned to support less well-off families at a maximum rate of 45% (previously, this reached up to 20% of income, and was capped at 80%).

OBJECTIVES AND ACTIVITIES

The charity's objectives are:

"To provide for and conduct the education of children in accordance with Steiner Waldorf educational principles." It pursues these objects by the administering of Michael Hall School at its premises in Forest Row, East Sussex. In doing so it provides education to and attends to the welfare of children in the school whilst maintaining and improving the school's premises and grounds.

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

The charity offers educational schooling from children from 3 years through to 18 and fees from this would usually represent almost 80% of the charities income. Due to the pandemic, income from additional sources (lettings, events and fundraising) have been limited with fees being the main source of income since March 2020.

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

The school offers an extensive fee assistance programme based on a means tested method and during the course of the 2020-21 academic year 56 families have benefitted from this. As one of the many initiatives to ensure the school's business model is redeveloped with sustainability in mind, the fee assistance programme has been thoroughly reviewed and redesigned. An allocation of 10% of gross fee income has been set as a maximum fee assistance budget. This is distributed to families on a means tested basis through a third party company, under a new clear Fee Assistance Policy.

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REPORT OF THE TRUSTEE

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

ACHIEVEMENTS AND PERFORMANCE

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

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

The number of formal complaints received from parents in the year 2020 -21 is 3. These have been resolved under the comprehensive and structured Complaints Procedure with no further action to be taken.

Exam Results

The exam series for the Summer of 2021 was the second year of a very different approach to examination caused by the COVID-19 pandemic. Instead of sitting exams, pupils were awarded grades as determined by work submitted throughout the year to their teachers.

2021 saw a 25% improvement on GCSE grades 9-5, a 13% rise of grades between 9-7 and a 17% rise of grades between 9-8.

In summary, our overall pass rate saw a 15% improvement from 95% in 2020 to 110% in 2021.

The Advanced Levels results were also an improvement from 2020. In 2021 we had a total of 63 A-Levels taken. That is 10 less A-Levels achieved by Michael Hall pupils. However, the pupils gaining A* - A was raised by 4% of those in 2020. Pupils gaining A* - B was 79% in 2021 compared to 70% in 2020. Pupils gaining A* - C did drop by 2% from those in 2020. The overall pass rate remains at 100% in 2021 as did 2020.

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

Staff Numbers

In January 2021, the school commenced a full staffing restructure which has reduced staffing numbers to a more sustainable level, ensuring that the timetable is devised efficiently and with minimal 'slack'.

Pupil Numbers

Pupil numbers have become stable, with the focus now being on growth. The volume of complaints received under previous leadership has significantly subsided, and there is positive feedback from the parents body that the school's community is happier and more settled. The recent success of our first Open Day since the start of the pandemic has demonstrated an appetite for places. We have had 44 applications for September 2022 since the Open day in February 2022. We are due to launch a significant branding and marketing campaign in 2022-23 to drive pupil number growth.

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

It is considered likely that once the school is able to demonstrate that is at least 'Good' by Ofsted that we will see an increase in pupil numbers.

The new policies on fee assistance and credit control has positively impacted the average income per pupil to ensure that income does not reduce in line with the number of pupils on roll.

Estate and Buildings

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

4 of the school's residential properties have been identified for sale to facilitate investment into the business, with a comprehensive development strategy agreed to ensure maximum benefit from the sale of these assets. Whereas previous asset sales have been utilised to shore up cash flow deficits, the expectation now is to build a balanced budget for 2022-23 and beyond without the need to incorporate these asset sales. Instead, the capital released will be targeted to enhance the site to maximise revenue potential, and actively promote the school to enhance pupil numbers.

Public Benefit

Michael Hall aims to make the school accessible to families on a wide range of incomes, and achieves this primarily through its fee assistance programme. The programme is means-tested, and the sole criterion for assistance is the ability to pay.

In 2020-21, 56 families were benefiting from means-tested fee assistance. As well as its annual fee assistance programme, the school also operates a formal emergency fee assistance programme for families who experience a sudden change in financial circumstances during the course of the school year.

FINANCIAL REVIEW

During the year under review the school is reporting net income of £1,922,866 (2020 net expenditure: £712,265) inclusive of a gain on investments of £75,803 (2020 loss: £21,166) and a net credit on the movement of the pension deficit provision of £1,961,404 (2020 debit: £850,348), giving an operating deficit of £114,341 (2020 operating surplus: £159,249)

As at 31 July 2021, the charity's total reserves amounted to £6,232,359 (2020: 4,309,493) of which £994,146 (2020: £942,926) is held within endowment funds with a further £32,308 (2020: £9507) restricted leaving unrestricted funds of £5,205,905 (2020: £3,357,060). Within unrestricted funds are designated amounts totalling £5,486,414 (2020: £3,321,657) with funds represented by fixed assets amounting to £7,857,314 and a pension deficit position of £1,856,000 giving an overall deficit reserves position of -£280,509 (2020 reserves: £35,403). The trustees consider that the charity should hold positive reserves equivalent to two months operating costs (estimated at £500,000) in order to ensure the ongoing delivery of its charitable objects during an unforeseen downturn in income. There is currently an additional need to accumulate reserves in order to provide for the future development of the charity's facilities and the trustees estimate that a sum of £1,000,000 will be freed from assets to form part of a detailed and carefully planned business rejuvenation strategy. Trustees consider that the current level of reserves is below that required and that the charity should aim to generate sufficient surpluses over the next 5-10 years to build the reserves to the required level.

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The school's principal funding source continues to be income generated by school fees. Expenditure continues to be on teaching and support costs for the provision of education to those pupils. Michael Hall School had investments in COIF unitised funds throughout the year.

PLANS FOR FUTURE PERIODS and GOING CONCERN

The Trustees of Michael Hall School have formally assessed the Charity as a going concern. Through information submitted by the School's Acting Principal and School Business Manager, Trustees have critically appraised the school's financial position and are satisfied that the school will remain financially operational for the coming 24 months, as a minimum.

Pupil numbers remain the largest barrier to the school's finances, with numbers now steady but low (target 450). There is an uplift expected from this year's PoR of 385 to an expected figure of 392 in September 2022.

Significant work is being directed to ensure a positive Ofsted outcome at next inspection (with a recent Ofsted Performance Monitoring Inspection finding that the school met all standards of the PMI). Once the "inadequate" rating is removed from the school, the plan is to launch a significant branding and marketing campaign to boost the image of the school and enhance pupil numbers. In the meantime, significant work has been undertaken to ensure spending is brought in line with the current pupil numbers. There have been numerous strategies undertaken to ensure that the 3-year budget is balanced against income from fees (even with worst case pupil numbers). These include:

- The publication of a robust credit control policy and the employment of a credit controller has reduced the outstanding owed fees to the school, with an in-year collection rate of 98% (previously, at the very best assumed estimated the school expected not to collect at least 15% of fees).
- The staffing restructure of 2021, which reduced salary costs, is under review in Summer 2022. This will identify areas that need further work (as operationally, the structure has not been a success), and to identify further areas of inefficiency within the staffing body.
- School fees have been uplifted by 7% to reflect the rising costs of living and the lack of any significant uplift for a number of years. Parents have been told, and there has not been a resulting drop off in pupil numbers.
- The fee assistance policy continues to reduce parental reliance on reduced fees. Previously, 80% of fees were waived, with no clear process for analysing financial ability to pay. By outsourcing the financial analysis and reducing the maximum fee assistance level, the school can keep fee assistance budget within 10% of income from fees. An additional discretionary bursary is available for the Principal to support families at their discretion (again, within the 10% income from fees).
- From September 2022, staff discount for new staff will be reduced from 80% to 60%.
- Detailed analysis of key performance indicators has been undertaken to allow a full understating of the cost of curriculum delivery across different areas of the school. This enables the timetabling process for 2022 onwards to be done with clarity of the financial implications and an understanding of how to maximise efficiency.
- A contingency plan is in place should the pupil numbers not raise as expected, to reduce the size of the school and balance the income and costs to a sustainable long-term level. However, it is felt this is not required should the pending Ofsted inspection have the outcome anticipated and we once again become a "good" school.
- The College of Teachers is considering the shape of the school day and curriculum map to ensure the correct balance between affordability and pupil outcomes.
- In the past, the school has used asset sale capital to make up a short fall in cash. There are plans to sell 4 residential properties to provide reinvestment potential. These funds will be carefully targeted at renovation of the infrastructure, development of the curriculum and boosting the school's popularity and pupil numbers. A detailed development plan has been approved to ensure the funds are carefully directed to development, whilst the operating budget will be drafted to balance without consideration of these additional funds.
- A programme to engage the alumni in financial support has been launched and will include endowment giving and regular donation options.
- Now the pandemic restrictions have been lifted, income from additional sources will be driven through lettings of the site and events (which have been hugely reduced since pre-pandemic levels).

A careful 3 year budget development action plan has been developed for Senior Leaders to adhere to, which will culminate in Trustee confirmation of a detailed, balanced 3 year projection in June 2022. Current forecasts for

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September 2022 onwards are based on prudent forecasts, and worst-case estimates of income demonstrate a tight but manageable cash-flow position. Having reviewed the current financial data, Trustees are confident that predictions for financial improvements are sound, and are committed to developing a rigorous and comprehensive business plan to focus on marketing and retention to reach the goal of 450 pupils on roll in 2 years' time. It is recognised that in order to underpin a healthy and resilient business model, the focus must be on pupil numbers and marketing, and not a reliance on assets. The school is asset rich, which allows for reinvestment during this turbulent post-pandemic era, but reliance on such sales is no longer considered a viable option for the long term success of the business. Current plans anticipate a final significant asset sale (over £1m) that can be carefully channelled into marketing, pupil retention and capitalising on the potential of the estate for income.

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

- Cash flow forecasts
- Pupil number predictions
- Principal and School Business Manger Reports
- HR report and staffing salary KPIs - Continual review of affordable staffing levels
- Budget updates
- Strategic plans
- Health and Safety audits
- Outcomes of Financial Working Group
- Ofsted readiness
- School Improvement Plan

Given the critical analysis of all the data provided, combined with the current strategic plans for the growth of the business, Trustees are confident that the school will remain operational and financially viable for a minimum of two years hence.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

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

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

REPORT OF THE TRUSTEE

APPOINTMENT OF AUDITORS

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

27 May 2022

Approved by the Council on and signed on its behalf.



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Trustee

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Michael Hall School (the 'charity') for the year ended 31 July 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2021, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 26 in the financial statements, which indicates that the ongoing cash flows and the impact of COVID-19 may cast significant doubt on the entity's ability to continue as a going concern. As stated in note 26, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the school's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

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

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

We have nothing to report in this regard.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception

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

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

Responsibilities of the trustee

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

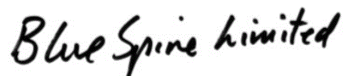
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

INDEPENDENT AUDITOR'S REPORT

Use of our report

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

The logo for Blue Spire Limited, featuring the company name in a stylized, handwritten-style script.

Blue Spire Limited, Statutory Auditor

Date 27 May 2022

Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £	2020 Total Funds £
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	1	1,258	30,001	-	31,259	4,202
Other trading activities	2	137,129	-	-	137,129	136,586
Investments	3	8,624	-	-	8,624	14,953
Charitable activities	4	3,069,639	-	-	3,069,639	3,420,362
Other	5	540,900	-	-	540,900	471,641
Total		3,757,550	30,001	-	3,787,551	4,047,744
EXPENDITURE ON:						
Raising funds	6	178,639	-	-	178,639	111,851
Charitable activities	7	3,716,053	7,200	-	3,723,253	3,776,644
Total		3,894,692	7,200	-	3,901,892	3,888,495
Net gains/(losses) on investments	13	24,583	-	51,220	75,803	(21,166)
Net income/(expenditure)		(112,559)	22,801	51,220	(38,538)	138,083
Transfers between funds	20	-	-	-	-	-
		(112,559)	22,801	51,220	(38,538)	138,083
Actuarial gains/(losses) on defined benefit pension schemes	18	1,961,404	-	-	1,961,404	(850,348)
Net movement in funds		1,848,845	22,801	51,220	1,922,866	(712,265)
RECONCILIATION OF FUNDS						
Total funds brought forward	20	3,357,060	9,507	942,926	4,309,493	5,021,758
Total funds carried forward	20	5,205,905	32,308	994,146	6,232,359	4,309,493

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

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

BALANCE SHEET AS AT 31 JULY 2021

	Note	2021		2020	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12	7,857,314		7,865,358	
Investments	13	<u>500,598</u>		<u>424,795</u>	
Total fixed assets			8,357,912		8,290,153
CURRENT ASSETS					
Assets held for sale	14	-		710,000	
Debtors	15	445,884		896,835	
Cash at hand and in bank		<u>661,678</u>		<u>212,384</u>	
Total current assets		1,107,562		1,819,219	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	16	<u>763,775</u>		<u>618,304</u>	
Net current assets/(liabilities)			343,787		1,200,915
Total assets less current liabilities			<u>8,701,699</u>		<u>9,491,068</u>
Creditors: amounts falling due after more than one year	17		(613,340)		(1,173,063)
Net assets/(liabilities) excluding pension asset/(liability)			<u>8,088,359</u>		<u>8,318,005</u>
Defined benefit pension scheme obligation	18		(1,856,000)		(4,008,512)
Total net assets			<u><u>6,232,359</u></u>		<u><u>4,309,493</u></u>
THE FUNDS OF THE CHARITY					
Endowment funds	20		994,146		942,926
Restricted funds	20		32,308		9,507
Unrestricted funds					
Designated funds	20	5,486,414		3,321,657	
General funds	20	<u>(280,509)</u>		<u>35,403</u>	
Total unrestricted funds			5,205,905		3,357,060
Total charity funds			<u><u>6,232,359</u></u>		<u><u>4,309,493</u></u>

The notes on pages 19 to 34 form part of the financial statements.

27 May 2022

The financial statements on pages 13 to 34 we approved and authorised for issue by the trustee on and signed on its behalf by:



Trustee

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

STATEMENT OF CASH FLOWS

		2021		2020	
	Note	£	£	£	£
Net cash flow from operating activities (see below)			2,253		(640,778)
Cash flow from investing activities					
Interest and dividends received		8,624		14,953	
Proceeds from sale of property		970,284		-	
Purchase of property, plant and equipment	12	-		(10,257)	
Net cash flow from investing activities			978,908		4,696
Cash flow from financing activities					
Receipts from issue of new loans		-		840,000	
Repayments of long term loans		(531,867)		(71,022)	
Net cash flow from investing activities			(531,867)		768,978
Net increase/(decrease) in cash and cash equivalents			449,294		132,896
Cash and cash equivalents at 1 August 2020			212,384		79,488
Cash and cash equivalents at 31 July 2021			<u>661,678</u>		<u>212,384</u>
Cash and cash equivalents consist of:					
Cash at bank and in hand	24		<u>661,678</u>		<u>212,384</u>
Cash and cash equivalents at 31 July 2021			<u>661,678</u>		<u>212,384</u>

Reconciliation of net income to net cash flow from operating activities

		2021		2020	
		£	£	£	£
Net income for the year			1,922,866		(712,265)
Adjusted for:					
Interest and dividends		(8,624)		(14,953)	
Interest paid		5,239		20,774	
(Gains)/losses on investments		(75,803)		21,166	
(Profit)/loss on disposal of tangible fixed assets		-		192	
(Profit)/loss on sale of property		(260,408)		-	
Depreciation and impairment of tangible fixed assets		8,044		10,224	
Decrease/(increase) in debtors		450,951		(533,286)	
Increase/(decrease) in creditors less than one year		112,500		(97,278)	
Increase/(decrease) in provisions for liabilities		(2,152,512)		664,648	
			(1,920,613)		71,487
			<u>2,253</u>		<u>(640,778)</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

ACCOUNTING POLICIES

Scope and basis of the financial statements

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

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are that of the Mercury Provident Pension Scheme obligation. More information is provided in the pension scheme policy below and in note 27.

Incoming resources

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

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

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

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

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

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

Resources expended

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

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

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

ACCOUNTING POLICIES

Resources expended (continued)

Support costs allocation

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

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

Redundancy and termination payments

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

Employee benefits

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

Pensions

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

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

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

The change for the year on an actuarial basis is a profit on revaluation of £525,000, the balance of the profit on revaluation shown in the accounts includes the change arising from using a different basis for the brought forward provision.

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

Leases

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

Tax

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

VAT

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

Fixed assets

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

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

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

ACCOUNTING POLICIES

Fixed asset investments

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

Debtors receivable and creditors payable within one year

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

Doubtful debts provision

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

Cash and cash equivalents

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

Fund accounting

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

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

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

Going concern

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

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Donations	1,258	30,001	-	31,259
Grants received	-	-	-	-
	<u>1,258</u>	<u>30,001</u>	<u>-</u>	<u>31,259</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Donations	4,202	-	-	4,202
Grants received	-	-	-	-
	<u>4,202</u>	<u>-</u>	<u>-</u>	<u>4,202</u>

2. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Christmas fair	65	-	-	65
Other fundraising	-	-	-	-
Estate and rental income	70,676	-	-	70,676
Ancillary income	66,388	-	-	66,388
	<u>137,129</u>	<u>-</u>	<u>-</u>	<u>137,129</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Christmas fair	25,405	-	-	25,405
Other fundraising	(57)	-	-	(57)
Estate and rental income	74,748	-	-	74,748
Ancillary income	36,490	-	-	36,490
	<u>136,586</u>	<u>-</u>	<u>-</u>	<u>136,586</u>

3. Income from investments

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

3. Income from investments (continued)

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

4. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Tuition fees	3,616,372	-	-	3,616,372
Reduced fee contracts	(583,976)	-	-	(583,976)
Chargeable disbursements	37,267	-	-	37,267
Lunches and catering income	(24)	-	-	(24)
	<u>3,069,639</u>	<u>-</u>	<u>-</u>	<u>3,069,639</u>

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

5. Other income

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

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
Gains on disposal of property held for sale	-	-	-	-
Coronavirus UK Government support	471,641	-	-	471,641
Interest receivable on unpaid school fees	-	-	-	-
	<u>471,641</u>	<u>-</u>	<u>-</u>	<u>471,641</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

6. Raising funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Ancillary expenditure	4,247	-	-	4,247
Salary costs of raising funds	22,729	-	-	22,729
Christmas fair and other fundraising costs	(33)	-	-	(33)
Finance costs	85,045	-	-	85,045
Bad debts and provision for bad debts	66,651	-	-	66,651
	<u>178,639</u>	<u>-</u>	<u>-</u>	<u>178,639</u>

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
<u>Education</u>				
Teachers salaries	2,144,728	-	-	2,144,728
Pension scheme deficit funding agreement	-	-	-	-
Staff training and development	51,813	-	-	51,813
Supplies and equipment	64,807	-	-	64,807
Chargeable disbursements cost	45,171	-	-	45,171
Depreciation	2,630	-	-	2,630
Minibus costs	15,791	-	-	15,791
Minibus depreciation	173	-	-	173
	<u>2,325,113</u>	<u>-</u>	<u>-</u>	<u>2,325,113</u>
<u>Welfare</u>				
Catering salaries	19,155	-	-	19,155
Catering supplies and equipment	1,895	-	-	1,895
Medical salaries	27,032	-	-	27,032
Medical	2,692	-	-	2,692
	<u>50,774</u>	<u>-</u>	<u>-</u>	<u>50,774</u>
<u>Premises</u>				
Health and safety	18,222	-	-	18,222
Estate salaries	212,134	-	-	212,134
Property maintenance	70,086	7,200	-	77,286
Light and heat	94,038	-	-	94,038
Insurance	35,028	-	-	35,028
Cleaning	13,057	-	-	13,057
Rates & water	38,082	-	-	38,082
	<u>480,647</u>	<u>7,200</u>	<u>-</u>	<u>487,847</u>
<u>Support costs</u>				
Administration salaries	616,639	-	-	616,639
Telephone and postage	7,349	-	-	7,349
Printing and stationery	3,670	-	-	3,670
Communications and PR	2,190	-	-	2,190
Insurance	5,019	-	-	5,019
Office equipment and IT	71,209	-	-	71,209
Legal and professional fees	84,357	-	-	84,357
Subscriptions	30,619	-	-	30,619
General admin expenses	13,326	-	-	13,326
Depreciation	5,241	-	-	5,241
Governance costs (see note 8)	19,900	-	-	19,900
	<u>859,519</u>	<u>-</u>	<u>-</u>	<u>859,519</u>
	<u>3,716,053</u>	<u>7,200</u>	<u>-</u>	<u>3,723,253</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities (continued)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
<u>Education</u>				
Teachers salaries	2,162,411	-	-	2,162,411
Pension scheme deficit funding agreement	-	-	-	-
Staff training and development	164,758	-	-	164,758
Supplies and equipment	93,605	-	-	93,605
Chargeable disbursements cost	72,881	-	-	72,881
Depreciation	3,782	-	-	3,782
Minibus costs	23,714	-	-	23,714
Minibus depreciation	231	-	-	231
	<u>2,521,382</u>	<u>-</u>	<u>-</u>	<u>2,521,382</u>
<u>Welfare</u>				
Catering salaries	51,456	-	-	51,456
Catering supplies and equipment	32,187	-	-	32,187
Medical salaries	25,425	-	-	25,425
Medical	2,929	-	-	2,929
	<u>111,997</u>	<u>-</u>	<u>-</u>	<u>111,997</u>
<u>Premises</u>				
Health and safety	12,966	-	-	12,966
Estate salaries	202,876	-	-	202,876
Property maintenance	92,247	-	-	92,247
Light and heat	88,833	-	-	88,833
Insurance	56,531	-	-	56,531
Cleaning	11,671	-	-	11,671
Rates & water	49,931	-	-	49,931
	<u>515,055</u>	<u>-</u>	<u>-</u>	<u>515,055</u>
<u>Support costs</u>				
Administration salaries	399,851	-	-	399,851
Telephone and postage	7,083	-	-	7,083
Printing and stationery	7,747	-	-	7,747
Communications and PR	(121)	-	-	(121)
Insurance	6,260	-	-	6,260
Office equipment and IT	46,213	-	-	46,213
Legal and professional fees	92,931	-	-	92,931
Subscriptions	19,290	-	-	19,290
General admin expenses	12,336	-	-	12,336
Depreciation	6,211	-	-	6,211
Governance costs (see note 8)	30,409	-	-	30,409
	<u>628,210</u>	<u>-</u>	<u>-</u>	<u>628,210</u>
	<u>3,776,644</u>	<u>-</u>	<u>-</u>	<u>3,776,644</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

8. Governance costs

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

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

9. Fees payable to independent auditors

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

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

10. Staff costs and information

	2021 Total £	2020 Total £
Gross wages	2,519,145	2,569,023
Employer's national insurance costs	208,974	199,578
Pension costs	71,720	72,393
Termination payments*	<u>274,456</u>	<u>30,000</u>
	<u>3,074,295</u>	<u>2,870,994</u>

* Termination above payments are in full settlement and include £217,885 of year end liabilities paid in August and September 2021. No additional costs are expected to arise.

	2021	2020
Staff numbers:		
Average head count	<u>119</u>	<u>130</u>

During the year under review one employee (2020: one employees) received employee benefits (excluding employer pension costs) of more than £60,000 in the range £210,000 to £220,000 (2020: £70,000 to £80,000).

The pension costs charge above has been charged to the Statement of Financial Activities. Pension contributions outstanding at the balance sheet date totalled £13,160 (2020: £45,280).

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

11. Related party transactions

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

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

	2021			2020		
	Salary	National	Pension	Salary	National	Pension
	£	insurance	£	£	insurance	£
		£			£	
W Forward	-	-	-	500	-	15
V King	30,440	2,598	913	34,585	3,134	1,103
	<u>30,440</u>	<u>2,598</u>	<u>913</u>	<u>35,085</u>	<u>3,134</u>	<u>1,118</u>

During the year under review remuneration for spouses and children of trustees amounted to £30,884 (2020: £33,395). In addition national insurance contributions totalling £1,422 (2020: £1,015) and pension contributions totalling £846 (2020: £718) were made on behalf of spouses and children of trustees.

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

Total employee benefits, inclusive of employer national insurance contributions and employer pension contributions, received by the school's thirteen (2020: fourteen) key management personnel amounted to £548,691 (2020: £519,859) during the year under review. In addition to these employee benefits two members (2020: one member) of key management personnel received termination benefits of £126,376 (2020: £30,000).

During the year three (2020: three) of the school's key management personnel received staff discounts in relation to their children's school fees of £37,589 (2020: £30,683) and sibling discounts of £2,664 (2020: £1,235). These discounts were received on the same terms in relation to discounts given to teachers and siblings without key management personnel status. At the balance sheet date £10 (2020: £2,332) was outstanding from these individuals.

No trustees (2020: no trustees) had expenses reimbursed or paid on their behalf for travel and training. In the same period £nil (2020: £nil) was received from the trustees for rent together with £nil (2020: £nil) in donations. Income receivable from trustees for rent is on normal commercial terms in an arms length transaction.

Expenses reimbursed to and paid on behalf of one member (2020: two members) of key management personnel for training totalled £1,200 (2020 travel and training: £355) in the year under review.

	2021	2020
	£	£
Tuition fees charged to 6 (2020: 6) Parent Trustees inclusive of discounts amounted to	<u>55,457</u>	<u>52,624</u>

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

H Hebrank
V King
A Scott
T Souleiman

Tuition fees are charged on normal commercial terms, except for teacher trustees who, as with all teachers, receive a 80% (2020: 80%) discount after other discounts on a pro-rata basis. Total staff discount for trustees in the year was £10,648 (2020: £10,440). Other discounts, inclusive of sibling and reduced fees, were provided on the same basis as those to other parents amounted to £9,302 (2020: £7,690). Extras are charged in full and amounted to £618 (2020: £2,809).

Outstanding fees and extras charges from trustees at the year end was £4,993 (2020: £6,850).

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	School site £	Machinery & office equipment £	Fixtures & fittings £	Motor vehicles £	Classroom equipment £	Total £
Cost						
Brought forward	7,798,567	393,046	284,722	21,904	308,366	8,806,605
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
	<u>7,798,567</u>	<u>393,046</u>	<u>284,722</u>	<u>21,904</u>	<u>308,366</u>	<u>8,806,605</u>
Depreciation						
Accumulated brought forward	-	379,062	260,288	21,207	280,690	941,247
Charge	-	2,797	2,443	173	2,631	8,044
On disposals	-	-	-	-	-	-
	<u>-</u>	<u>381,859</u>	<u>262,731</u>	<u>21,380</u>	<u>283,321</u>	<u>949,291</u>
Net book value carried forward	<u>7,798,567</u>	<u>11,187</u>	<u>21,991</u>	<u>524</u>	<u>25,045</u>	<u>7,857,314</u>
Net book value brought forward	<u>7,798,567</u>	<u>13,984</u>	<u>24,434</u>	<u>697</u>	<u>27,676</u>	<u>7,865,358</u>

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

13. Investments

	2021 £	2020 £
Listed investments		
Market value brought forward	424,795	445,961
Additions at cost	-	-
Disposals at carrying value	-	-
Gains/(losses) on revaluation	75,803	(21,166)
Market value carried forward	<u>500,598</u>	<u>424,795</u>
<i>The investments above are analysed as follows:</i>		
Listed investments	158,452	133,870
Unit trusts and similar investments	342,146	290,926
	<u>500,598</u>	<u>424,796</u>

14. Assets held for sale

	2021 £	2020 £
Property for sale	-	710,000
	<u>-</u>	<u>710,000</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

15. Debtors

	2021 £	2020 £
Fees outstanding	666,884	976,662
Fee provision	(250,000)	(318,000)
Prepayments	25,305	76,026
Other debtors	3,695	162,147
	<u>445,884</u>	<u>896,835</u>

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

	2021 £	2020 £
Loans	104,736	71,763
Trade creditors	30,762	69,213
Fees in advance	9,200	-
Deposits from parents	500	40,982
Other creditors and accruals	618,577	436,346
	<u>763,775</u>	<u>618,304</u>

17. Creditors: amounts falling due after one year

	2021 £	2020 £
Loans	613,340	1,173,063
	<u>613,340</u>	<u>1,173,063</u>

One bank loan, with a year end balance of £378,075 (2020: £420,994), is secured over several of the school's freehold properties and is repayable over a period of 25 years from August 2005. In the comparative year a new loan was taken with an outstanding balance of £483,832 at 31 July 2020 was secured against the building held for sale shown in note 14 and settled following sale in the current year. The remaining balance of loans is unsecured.

18. Defined benefit obligation

	2021 £	2020 £
Brought forward	4,008,512	3,343,864
Payments made	(191,108)	(185,700)
Charge to statement of financial activities	(1,961,404)	850,348
Carried forward	<u>1,856,000</u>	<u>4,008,512</u>

The above provision arises from the pension scheme's deficit funding arrangement and included in these accounts at the discounted present value of the defined benefit obligation. More information regarding the pensions scheme can be found in note 27.

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

19. Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2021 Total funds £	2020 Total funds £
Tangible assets	-	7,205,314	-	652,000	7,857,314	7,865,358
Investments	21,352	137,100	-	342,146	500,598	424,795
Current assets	1,075,254	-	32,308	-	1,107,562	1,819,219
Creditors: <1 year	(763,775)	-	-	-	(763,775)	(618,304)
Creditors: >1 year	(613,340)	-	-	-	(613,340)	(1,173,063)
Pension scheme deficit	-	(1,856,000)	-	-	(1,856,000)	(4,008,512)
Net assets at 31 July	(280,509)	5,486,414	32,308	994,146	6,232,359	4,309,493

20. Analysis of movement in funds

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

Restricted funds

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

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

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

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

Designated funds

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

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

21. Transfer between funds

From	To	Unrestricted Funds	
		General £	Designated £
<i>Transfer 1</i>			
General fund	Pension deficit	(191,108)	191,108
		<u>(191,108)</u>	<u>191,108</u>
Transfer of funds from unrestricted general funds representing payments made during the year.			
<i>Transfer 2</i>			
Fixed asset reserve (see note 18)	General fund	-	-
		<u>-</u>	<u>-</u>
Transfer of funds to unrestricted general funds to match costs previously borne by general funds.			

22. Financial instruments

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

	2021 Total Funds £	2020 Total Funds £
<i>Financial assets</i>		
Measured at fair value through net income/(expenditure):		
Fixed asset investments (note 13)	500,598	424,795
	<u>500,598</u>	<u>424,795</u>
Debt instruments measured at amortised cost:		
Trade debtors (note 15)	666,884	976,662
	<u>666,884</u>	<u>976,662</u>
<i>Financial liabilities</i>		
Measured at amortised cost:		
Trade creditors (note 16)	30,762	69,213
Bank loan (notes 16 and 17)	718,076	1,244,826
	<u>748,838</u>	<u>1,314,039</u>

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

	2021 Total Funds £	2020 Total Funds £
<i>Income and expense</i>		
Financial assets measured at fair value through net income/(expenditure)		
Investment income	8,622	14,896
	<u>8,622</u>	<u>14,896</u>
<i>Net gains and losses (including changes in fair value)</i>		
Financial assets measured at fair value through net income/(expenditure)		
Unrealised gains/(losses) on investments	75,803	(21,166)
	<u>75,803</u>	<u>(21,166)</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

23. Operating leases

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

	Office equipment £	Vehicles £	2021 Total £	Office equipment £	Vehicles £	2020 Total £
In less than one year	-	16,315	16,315	-	16,315	16,315
In more than one year less than five year	-	16,315	16,315	-	16,315	16,315
More than five years	-	6,798	6,798	-	23,113	23,113
	<u>-</u>	<u>39,428</u>	<u>39,428</u>	<u>-</u>	<u>55,743</u>	<u>55,743</u>

24. Analysis of changes in net debt

	2019 £	Cash flows £	2020 £	Cash flows £	2021 £
Long term borrowings	455,074	789,752	1,244,826	(526,750)	718,076
Short term borrowings	108,504	(108,504)	-	-	-
Total liabilities	<u>563,578</u>	<u>681,248</u>	<u>1,244,826</u>	<u>(526,750)</u>	<u>718,076</u>
Cash and cash equivalents	<u>(79,488)</u>	<u>(132,896)</u>	<u>(212,384)</u>	<u>(449,294)</u>	<u>(661,678)</u>
Total net debt	<u>484,090</u>	<u>548,352</u>	<u>1,032,442</u>	<u>(976,044)</u>	<u>56,398</u>

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

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

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2020 Total Funds £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	1	4,202	-	-	4,202
Other trading activities	2	136,586	-	-	136,586
Investments	3	14,953	-	-	14,953
Charitable activities	4	3,420,362	-	-	3,420,362
Other	5	471,641	-	-	471,641
Total		4,047,744	-	-	4,047,744
EXPENDITURE ON:					
Raising funds	6	111,851	-	-	111,851
Charitable activities	7	3,776,644	-	-	3,776,644
Total		3,888,495	-	-	3,888,495
Net gains/(losses) on investments	13	(24,701)	-	3,535	(21,166)
Net income/(expenditure)		134,548	-	3,535	138,083
Transfers between funds	20	-	-	-	-
		134,548	-	3,535	138,083
Actuarial gains/(losses) on defined benefit pension schemes	18	(850,348)	-	-	(850,348)
Net movement in funds		(715,800)	-	3,535	(712,265)
RECONCILIATION OF FUNDS					
Total funds brought forward	20	4,072,860	9,507	939,391	5,021,758
Total funds carried forward	20	3,357,060	9,507	942,926	4,309,493

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

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

	Brought forward £	Incoming resources £	Outgoing resources £	Unrealised gains/(losses) £	Transfers £	Carried forward £
Permanent endowment funds						
Permanent Endowment Fund	652,000	-	-	-	-	652,000
Endowment Recoupment Fund	287,391	-	-	3,535	-	290,926
Total endowment funds	<u>939,391</u>	<u>-</u>	<u>-</u>	<u>3,535</u>	<u>-</u>	<u>942,926</u>
Restricted funds						
ESCC	3,000	-	-	-	-	3,000
Clockhouse Fund	3,789	-	-	-	-	3,789
Natural England Fund	2,718	-	-	-	-	2,718
Total restricted funds	<u>9,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,507</u>
Designated and general funds						
WO Field bequest	136,440	-	-	(19,629)	-	116,811
Pension deficit (see note 18)	(3,343,864)	-	-	(850,348)	185,700	(4,008,512)
Fixed asset reserve (see note 12)	7,213,516	-	(10,226)	-	10,068	7,213,358
Total designated funds	<u>4,006,092</u>	<u>-</u>	<u>(10,226)</u>	<u>(869,977)</u>	<u>195,768</u>	<u>3,321,657</u>
General reserves	66,768	4,047,744	(3,878,269)	(5,072)	(195,768)	35,403
Total unrestricted funds	<u>4,072,860</u>	<u>4,047,744</u>	<u>(3,888,495)</u>	<u>(875,049)</u>	<u>-</u>	<u>3,357,060</u>
Total funds	<u>5,021,758</u>	<u>4,047,744</u>	<u>(3,888,495)</u>	<u>(871,514)</u>	<u>-</u>	<u>4,309,493</u>

26. Post balance sheet events and going concern

At the balance sheet date the school's net debt position was £56,398, down from £1,032,442 at the comparative year end following to the sale of a property.

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

In the period since the year end, due to falling infection rates, restrictions were all but removed in March 2022 and it is hoped there will not be a return of such restrictions in the near future.

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

Throughout the year under review school made use of the Coronavirus Job Retention Scheme (CJRS), reduced fixed staffing costs, and successfully applied for a loan under the Coronavirus Business Interruption Loan Scheme (CBILS) of £340,000 and opened a new mortgage to aide cash flow which was repaid in September 2020 following the completed sale of a property.

The staff cost savings noted above have been taken into the subsequent financial year and the staffing requirement continues to be under review in line with pupil numbers. During the year ended 31 July 2022 there has been a drive to recover fees payable and reduce the number of pupils in receipt of fee assistance or not meeting their payment obligations.

In addition the trustees have been considering the use of land and properties on the extremes of the site and undertaken a review of these to identify where possible disposals and opportunities could be realised without damaging or interfering with the school's operations. The trustees have obtained consent for the disposal of a property at the northern edge of the site which will provide much finance for improvements to buildings in use to enhance their earning potential. It is anticipated this sale could take place during June of 2022.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

27. Pensions

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

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

There are two categories of Scheme members:

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

The value of the defined benefit obligation for the 31 July 2021 is derived by approximately adjusting the results of the triennial valuation as at 29 December 2018.

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

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

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

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

	Year end 31 July 2021		Year end 31 July 2020	
<i>Significant actuarial assumptions</i>				
Discount rate	1.5% pa		1.25% pa	
RPI inflation	3.15% pa		2.75% pa	
CPI inflation	2.55% pa		2.15% pa	
<i>Mortality assumptions</i>				
Mortality	100% S3PMA_All/ 100% S3PFA_All CMI_2020_M/F [1.25%] (yob)		100% S3PMA_All/ 100% S3PFA_All CMI_2019_M/F [1.25%] (yob)	
<i>Other actuarial assumptions</i>				
Pension increases:				
Pre 88 GMP	Nil		Nil	
Post 88 GMP	2.25% pa		2.00% pa	
Pre 97 excess	Nil		Nil	
97-05 pension	2.55% pa		2.20% pa	
Post 2005 pension	2.00% pa		1.80% pa	
Revaluation of deferred pensions in excess of GMP:	2.55% pa		2.15% pa	
<i>Life expectancies (in years)</i>				
	Male	Female	Male	Female
For an individual aged 65 in 2021	21.9	24.3	21.9	24.3
At age 65 for an individual aged 45 in 2021	23.2	25.7	23.3	25.7

MICHAEL HALL SCHOOL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

NOTES TO THE FINANCIAL STATEMENTS

27. Pensions (continued)

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

	Year end 31 July 2021 £'000s	Year end 31 July 2020 £'000s
<i>Asset class</i>		
Equities	1,442	1,114
Diversified Credit Funds (DCFs)	556	553
Liability Driven Investments (LDIs)	666	682
Diversified Growth Funds (DGFs)	597	561
Cash	270	297
Total	3,531	3,207

The return on the assets was:

	Year end 31 July 2021 £'000s	Year end 31 July 2020 £'000s
<i>Return</i>		
Interest income	40	63
Return on assets less interest income	371	(113)
Total return on assets	411	(50)

Reconciliation to the balance sheet:

	Year end 31 July 2021 £'000s	Year end 31 July 2020 £'000s
Market value of assets	3,531	3,207
Present value of defined benefit obligation	5,387	5,588
Funded status	(1,856)	(2,381)
Irrecoverable surplus	-	-
Pension asset/(liability) recognised in the Statement of Financial Position before allowance for deferred tax	(1,856)	(2,381)

Reconciliation of Scheme's assets and defined benefit obligation

	Assets £'000s	Defined benefit obligation £'000s	Net position £'000s
At 1 August 2020	3,207	(5,588)	(2,381)
Benefits paid:			
Pensions	(216)	216	-
Transfers	-	-	-
Other	(6)	6	-
Employer contributions	192	-	192
Member contributions	-	-	-
Current service cost	-	-	-
Administration expenses	(57)	-	(57)
Past service cost	-	-	-
Settlements	-	-	-
Business combinations/bulk transfers	-	-	-
Interest income/cost	40	(68)	(28)
Remeasurement gains/(losses):			
Actuarial gains/(losses): Change of basis	-	42	42
Actuarial gains/(losses): Experience	-	5	5
Return on assets excluding interest income	371	-	371
At 31 July 2021	3,531	(5,387)	(1,856)