

Charity Registration No. 528409

Company Registration No. 00787642 (England and Wales)

MORETON HALL EDUCATIONAL TRUST LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017
PAGES FOR FILING WITH REGISTRAR

MORETON HALL EDUCATIONAL TRUST LTD

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Dr L V Boon
Mr C M Heath
Mrs C M Neilson
Mrs S M Tunstall
Ms E J Flynn
Mr S B Roberts
Ms L V Yule
Mr C N H Pursglove
Dr J J Dixey
Mr A L Stockdale
Dr M M Grant

Secretary

Mr I Davies

Charity number

528409

Company number

00787642

Registered office

Moreton Hall
Weston Rhyn
Oswestry
Shropshire
United Kingdom
SY11 3EW

Auditor

Baldwins Audit Services Limited
Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

MORETON HALL EDUCATIONAL TRUST LTD

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MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their report and financial statements for the year ended 31 August 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 2 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:

- an environment that stretches the most able and supports the least confident.
- academic excellence, a tailored curriculum, outstanding pastoral care and an extraordinary range of extra-curricular activities are the cornerstones of the school.
- an education for the whole person, so that each pupil maximises his/her potential in all areas of school life.
- the established provision of extending its facilities, both in terms of physical buildings and human resources, to the wider community.

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 and improve 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 and the School's resident Bio-medical course.

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.

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

Grantmaking

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 new pupils who show exceptional academic, musical, sporting or artistic promise.

During the year the School was able to award £2,939,814 (2015 - £2,837,159) 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. A unique partnership with Keele University Medical School has cemented Moreton's reputation as a regional hub for excellence, widening access to careers within medical science.

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, nearly 70% of entries were awarded the top grades of A*, A and B with a number of subjects – such as Economics, History and Classical Civilisation - achieving 100% A*-C.

At GCSE, nearly half of all pupils achieved straight A* and As in every subject. As well as 41% A* grades, nearly 300 modules sat by pupils across all subjects were awarded full marks.

The Times ranked Moreton Hall as the number one non-selective school in the UK.

The 2017 Durham University MidYis 'Value Added' results identified Moreton as one of the top 2% of Independent Schools in the country. Of the 335 Independent Schools included within the data set, Moreton rank number 6 for value added in 2017.

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

The Enrichment programme within the school continues to develop with an extensive programme of lectures, clubs and societies taking learning beyond the syllabus. Mathematics is a particularly strong suit at Moreton Hall. As a non-selective, girls school we are proud to report 17 Further Mathematicians in our Sixth Form (14% of our girls compared to the national average of just 1.6%). Casting our net more widely, we have a total of 53 A Level Mathematicians (43% compared to 15% nationally). It is not just in take-up that we buck the trend but in results too: over the last 4 years we have achieved 64% A/A* in A Level Mathematics and 63% in Further Mathematics. At GCSE the figure is 48% for A/A* and in Additional Mathematics an outstanding 71% have achieved the highest grade (A).

At Moreton Hall we don't just train our Mathematicians for public exams we also train them for UK Mathematics Trust challenges. These have been key to our success. Over the last 3 years the results speak for themselves: a grand total of 227 awards have been gained and 46 of those were Gold (6 Junior, 15 Intermediate and 25 Senior); a total of 37 girls qualified for follow-on competitions including Mathematical Olympiads; 3 Olympiad Medals have been won; 2 girls were placed in the UK's top-10 in the Mathematical Olympiad for Girls; and 2 girls were invited to Oxford University for the highly prestigious Summer Training Camp (they take just 22 students per year). In team competitions the results have been equally impressive: two National Finals for the Junior Team and, to top everything, a 24th place finish for the Senior Team in the most recent National Final.

Beyond the classroom Moreton Enterprises achieved turnover of £44,976. Moreton students gained places in the National Youth Choir and the National Youth Theatre of Great Britain and in the English Youth Ballet.

Lacrosse 17-18

The 1st team are North region school's champions and Shropshire North County champions at A and B team level. The team obtained a top 12 finish Nationally for the 1st Team and 9th place for 2nd team at National schools. The U15 team were unbeaten, North region school's champions and Shropshire North County champions at A and B team level. (National schools cancelled) (U13 and U12 results. U12 North champions and Prep school's tournament winners. U13: Prep schools tournament winners)

Hockey

The U12A and U12B teams came first place and runners up respectively in the Shropshire Schools In2hockey Tournament. Progressing to the Midland rounds U14 Won the Shropshire schools tournament and the U15's won Shrewsbury School Hockey Tournament with no goal keeper!! 1st Hockey Team made the semi-finals of the Wrekin 7's.

Tennis

The U13 Girls won the Repton prep schools Tennis Tournament and the Year 7/8 Girls won through to the Regional qualifying of the LTA Schools Team Tennis.

Cricket

Another successful year for Moreton Hall's girls cricket with up to 80 pupils having access to softball or hardball cricket fixtures. In the indoor cricket season, the u15 team finished second in the county finals and in the u13 indoor cricket season the girls unfortunately lost out to Burton Borough by 2 runs in the final. Over last summer the u13 linked up successfully with Oswestry Cricket Club representing their club in the u13 Shropshire hardball league and in the Lady Taverners 8 a side competition. In the Lady Taverners 8 a side competition the team were county finalists losing out by 6 runs to Sentinel Cricket Club. The u15 cricket team after victories versus Shrewsbury Girls High and Ellesmere College unfortunately lost to Shrewsbury school in the area final of the National Cup.

Fundraising activities

The Foundation had its eighth full year of fund raising and profile building activities. A range of events, including walks, quiz night, business lunches, fashion show, all served to further promote Moreton in the local and regional community.

Investment performance

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

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 9.

The school's operating surplus, before exceptional items, of £386,456 (2016 - £182,020) 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.

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The total funds of the School as at 31st August 2017 were £5,508,209 (2016: £5,121,753). Of these £5,185,428 were unrestricted funds, and £322,781 restricted funds. Of the £5,185,428 of unrestricted funds £9,022,500 is represented by tangible fixed assets. Therefore, the School currently has a deficit on free reserves of £3,837,072 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 2018 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.

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.

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for the future

- 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.

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.

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

Dr L V Boon

Mrs J France-Hayhurst

(Resigned 29 January 2018)

Mr C M Heath

Mrs C M Neilson

Mrs S M Tunstall

Ms S A Fisher

(Resigned 7 November 2017)

Ms E J Flynn

Mr S B Roberts

Ms L V Yule

Mr C N H Pursglove

Mr S R M Baynes

(Resigned 8 February 2018)

Dr J J Dixey

Mr A L Stockdale

Dr M M Grant

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

Mrs C M Neilson

Ms S Fisher

Ms E J Flynn

Ms L Yule

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

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 in particular 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 parents or 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.

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.

MORETON HALL EDUCATIONAL TRUST LTD

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

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 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.

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Trustee

Dated:

MORETON HALL EDUCATIONAL TRUST LTD

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements 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 financial statements 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 TO MORETON HALL EDUCATIONAL TRUST LTD UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have audited the financial statements of Moreton Hall Educational Trust Ltd for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and regulations made under that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of Moreton Hall Educational Trust Ltd for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MORETON HALL EDUCATIONAL TRUST LTD

INDEPENDENT AUDITOR'S REPORT TO MORETON HALL EDUCATIONAL TRUST LTD (CONTINUED)

UNDER SECTION 449 OF THE COMPANIES ACT 2006

Matters on which we are required to report by exception

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

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

**Dawn Owen BA(Hons) FCA
(Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited**

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Chartered Accountants

Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

MORETON HALL EDUCATIONAL TRUST LTD

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	13	9,022,500		9,299,882	
Investments	14	10,833		10,194	
		<u>9,033,333</u>		<u>9,310,076</u>	
Current assets					
Stocks	16	16,156		22,994	
Debtors	17	626,492		627,798	
Cash at bank and in hand		1,193,378		52,376	
		<u>1,836,026</u>		<u>703,168</u>	
Creditors: amounts falling due within one year	18	(3,917,522)		(3,240,248)	
Net current liabilities		<u>(2,081,496)</u>		<u>(2,537,080)</u>	
Total assets less current liabilities		<u>6,951,837</u>		<u>6,772,996</u>	
Creditors: amounts falling due after more than one year	20	(1,443,628)		(1,651,243)	
Net assets		<u><u>5,508,209</u></u>		<u><u>5,121,753</u></u>	
Income funds					
Restricted funds	24	322,781		264,068	
Unrestricted funds		5,185,428		4,857,685	
		<u><u>5,508,209</u></u>		<u><u>5,121,753</u></u>	

The financial statements were approved by the Trustees on

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Trustee

Company Registration No. 00787642

MORETON HALL EDUCATIONAL TRUST LTD

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income and endowments from:</u>					
Donations and legacies	3	6,831	86,000	92,831	63,802
Charitable activities	4	9,568,102	-	9,568,102	8,918,048
Investments	5	800	-	800	560
Other income	6	2,773	-	2,773	30,737
Total income and endowments		9,578,506	86,000	9,664,506	9,013,147
<u>Expenditure on:</u>					
Raising funds	7	31,952	-	31,952	36,711
Charitable activities	8	9,219,450	27,287	9,246,737	8,796,097
Total resources expended		9,251,402	27,287	9,278,689	8,832,808
Net gains on investments	12	639	-	639	1,681
Net movement in funds		327,743	58,713	386,456	182,020
Fund balances at 1 September 2016		4,857,685	264,068	5,121,753	4,939,733
Fund balances at 31 August 2017		5,185,428	322,781	5,508,209	5,121,753

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

All income and expenditure derive from continuing activities.

The 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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	28		1,480,762		513,420
Investing activities					
Purchase of tangible fixed assets		(72,053)		(81,342)	
Purchase of investments		-		(3,983)	
Proceeds on disposal of investments		-		8,769	
Interest received		800		560	
Financing costs		(69,920)		(86,663)	
Net cash used in investing activities			(141,173)		(162,659)
Financing activities					
Repayment of bank loans		(198,587)		(188,114)	
Net cash used in financing activities			(198,587)		(188,114)
Net increase in cash and cash equivalents			1,141,002		162,647
Cash and cash equivalents at beginning of year			52,376		(110,271)
Cash and cash equivalents at end of year			1,193,378		52,376

MORETON HALL EDUCATIONAL TRUST LTD

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 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 readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be 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.

2 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.

2.1 Accounting convention

The financial statements have been prepared in accordance 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements 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 financial statements 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.

2.2 Going concern

At the time of approving the financial statements, 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 financial statements.

2.3 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 financial statements.

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

2.4 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.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

2 Accounting policies

(Continued)

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.

2.5 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.

2.6 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	33.3% on cost, 25% on reducing balance, 20% on cost, 20% on reducing balance and 10% 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.

2.7 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.

2.8 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 the lower of replacement cost and 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.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

2 Accounting policies

(Continued)

2.9 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.

2.10 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 of its financial instruments.

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

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 payments 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.

2.11 Taxation

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

2.12 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 2017

2 Accounting policies

(Continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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 particular restricted 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.

2.17 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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2017	Total 2016
	£	£	£	£
Donations and gifts	6,831	86,000	92,831	63,802
For the year ended 31 August 2016	<u>39,873</u>	<u>23,929</u>		<u>63,802</u>

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Charitable activities

	Gross fees receivable	Remissions	Registration fees	Other educational income	Total 2017	Total 2016
	£	£	£	£	£	£
Sales within charitable activities	11,701,357	(3,246,304)	28,941	1,084,108	9,568,102	8,918,048
	<u>11,701,357</u>	<u>(3,246,304)</u>	<u>28,941</u>	<u>1,084,108</u>	<u>9,568,102</u>	<u>8,918,048</u>
Analysis by fund						
Unrestricted funds	11,701,357	(3,246,304)	28,941	1,084,108	9,568,102	
	<u>11,701,357</u>	<u>(3,246,304)</u>	<u>28,941</u>	<u>1,084,108</u>	<u>9,568,102</u>	
For the year ended 31 August 2016						
Unrestricted funds	11,242,021	(2,928,814)	15,859	599,982		8,929,048
Restricted funds	-	(11,000)	-	-		(11,000)
	<u>11,242,021</u>	<u>(2,939,814)</u>	<u>15,859</u>	<u>599,982</u>		<u>8,918,048</u>

5 Investments

	2017	2016
	£	£
Dividends	800	396
Interest and other income receivable	-	164
	<u>800</u>	<u>560</u>

6 Other income

	2017	2016
	£	£
Net gain on disposal of investments	-	398
Other income	2,773	30,339
	<u>2,773</u>	<u>30,737</u>

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

7 Raising funds

	2017	2016
	£	£
Fundraising activities	<u>31,952</u>	<u>36,711</u>

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	Education	Teaching	Welfare	Premises	Total 2017	Total 2016
	£	£	£	£	£	£
Staff costs	-	5,335,916	-	-	5,335,916	5,104,663
Depreciation and impairment	-	-	-	333,361	333,361	337,915
Bad debts	32,000	-	27,287	-	59,287	20,000
Hire of plant and machinery	-	-	-	4,680	4,680	25,124
Teaching costs	-	425,931	-	-	425,931	363,150
House expenditure	-	-	100,472	-	100,472	99,105
Medical and sanatorium	-	-	19,077	-	19,077	17,891
Catering	-	-	537,851	-	537,851	495,022
School hospitality	-	-	89,545	-	89,545	77,122
Building repairs and maintenance	-	-	-	132,728	132,728	136,626
Special projects	-	-	-	22,588	22,588	23,700
Grounds and gardens	-	-	-	23,854	23,854	34,991
Security - night patrol	-	-	-	45,184	45,184	57,292
Rates	-	-	-	32,830	32,830	28,986
Utilities	-	-	-	206,540	206,540	250,506
Insurance	-	-	-	47,028	47,028	38,983
Lettings	220,517	-	-	-	220,517	136,611
Introductory commission	341,310	-	-	-	341,310	305,930
	<u>593,827</u>	<u>5,761,847</u>	<u>774,232</u>	<u>848,793</u>	<u>7,978,699</u>	<u>7,553,617</u>
Share of support costs (see note 10)	1,199,306	-	-	-	1,199,306	1,184,512
Share of governance costs (see note 10)	68,732	-	-	-	68,732	57,968
	<u>1,861,865</u>	<u>5,761,847</u>	<u>774,232</u>	<u>848,793</u>	<u>9,246,737</u>	<u>8,796,097</u>
Analysis by fund						
Unrestricted funds	1,861,865	5,761,847	746,945	848,793	9,219,450	
Restricted funds	-	-	27,287	-	27,287	
	<u>1,861,865</u>	<u>5,761,847</u>	<u>774,232</u>	<u>848,793</u>	<u>9,246,737</u>	
For the year ended 31 August 2016						
Unrestricted funds	1,705,021	5,467,813	689,140	921,240		8,783,214
Restricted funds	-	-	-	12,883		12,883
	<u>1,705,021</u>	<u>5,467,813</u>	<u>689,140</u>	<u>934,123</u>		<u>8,796,097</u>

There were no ex-gratia payments provided in the year (2016 - £18,400). The costs are included within staff costs. Authority for these was given by the Board of Trustees.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

(Continued)

9 Trustees

There were no trustees' remuneration or other benefits for the year ended 31 August 2017 nor for the year ended 31 August 2016.

Trustees' expenses

Two of the trustees were reimbursed expenses of £162 in the year (2016 - two of the trustees were reimbursed expenses of £150).

10 Support costs

	Support costs	Governance costs	2017	2016	Basis of allocation
	£	£	£	£	
Staff costs	759,619	-	759,619	728,639	
Hire of plant and machinery	-	-	-	17,610	
Bank charges	9,799	-	9,799	6,664	
Telephone	22,830	-	22,830	21,410	
Postage and stationery	36,832	-	36,832	24,753	
Marketing and publicity	212,617	-	212,617	224,378	
Office equipment	3,618	-	3,618	1,979	
Staff recruitment	38,484	-	38,484	27,277	
Motor expenses	390	-	390	842	
Subscriptions	13,685	-	13,685	13,883	
Sundry expenses	15,438	-	15,438	13,225	
Depreciation of tangible fixed assets	16,074	-	16,074	16,432	
Bank loan interest	69,920	-	69,920	86,663	
Loss on disposal of tangible fixed assets	-	-	-	757	
Trustees' expenses	-	-	-	150	Governance
Professional fees	-	55,962	55,962	46,786	Governance
Auditors' remuneration	-	12,770	12,770	10,000	Governance
Accountancy fees	-	-	-	1,032	Governance
	<u>1,199,306</u>	<u>68,732</u>	<u>1,268,038</u>	<u>1,242,480</u>	
Analysed between					
Charitable activities	<u>1,199,306</u>	<u>68,732</u>	<u>1,268,038</u>	<u>1,242,480</u>	

Bank loan interest above consists of £69,920 charges for the year (2016 - £82,085) plus an adjustment in the prior year of £4,578 to re-measure the loans at amortised cost.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2017 Number	2016 Number
Teaching	108	106
Support and ancillary	122	116
	<u>230</u>	<u>222</u>

Employment costs

	2017 £	2016 £
Wages and salaries	5,173,297	4,988,191
Social security costs	466,966	408,803
Other pension costs	455,272	436,308
	<u>6,095,535</u>	<u>5,833,302</u>

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

	2017 Number	2016 Number
£60,000 - £70,000	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:

Band: £60,000 - £70,000: £22,282 (2016 - £22,061)

Band: £140,000 - £150,000: £Nil (2016 - £Nil)

12 Net gains/(losses) on investments

	2017 £	2016 £
Revaluation of investments	<u>639</u>	<u>1,681</u>

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13 Tangible fixed assets

	Freehold property £	M & E work £	Imp to property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost						
At 1 September 2016	12,203,114	577,378	41,723	657,804	186,845	13,666,864
Additions	-	-	-	57,055	14,998	72,053
At 31 August 2017	12,203,114	577,378	41,723	714,859	201,843	13,738,917
Depreciation and impairment						
At 1 September 2016	3,495,623	151,603	41,723	540,470	137,563	4,366,982
Depreciation charged in the year	298,358	11,549	-	23,454	16,074	349,435
At 31 August 2017	3,793,981	163,152	41,723	563,924	153,637	4,716,417
Carrying amount						
At 31 August 2017	8,409,133	414,226	-	150,935	48,206	9,022,500
At 31 August 2016	8,707,491	425,775	-	117,334	49,282	9,299,882

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

13 Tangible fixed assets

(Continued)

Included in cost or valuation of land and buildings is freehold land of £349,289 (2016 - £349,289), which is not depreciated.

14 Fixed asset investments

	Listed investments £	Unlisted investments £	Other investments	Total £
Cost or valuation				
At 31 August 2016	9,465	727	2	10,194
Valuation changes	639	-	-	639
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	10,104	727	2	10,833
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 31 August 2017	10,104	727	2	10,833
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	9,465	727	2	10,194
	<hr/>	<hr/>	<hr/>	<hr/>

	Notes	2017 £	2016 £
Other investments comprise:			
Investments in subsidiaries	27	2	2
		<hr/>	<hr/>

15 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,754,589	581,345
Equity instruments measured at cost less impairment	10,831	10,192
Equity instruments measured at fair value	9,465	9,465
	<hr/>	<hr/>
Carrying amount of financial liabilities		
Measured at amortised cost	2,407,742	2,694,023
	<hr/>	<hr/>

Financial assets measured at amortised cost consists of trade debtors, amounts due from subsidiary, other debtors and cash at bank and in hand.

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 £800 (2016 - £396) has been recognised in the year. The fair value adjustment for the year was a gain of £639 (2016 - gain of £1,681). In relation to the prior year disposal - a gain of £398 was realised.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

16 Stocks

	2017 £	2016 £
Raw materials and consumables	16,156	22,994

17 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	544,466	548,085
Amounts due from subsidiary undertakings	-	13,838
Other debtors	16,745	12,734
Prepayments and accrued income	65,281	53,141
	626,492	627,798

18 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans	19	188,986	179,958
Other taxation and social security		26,807	150,457
Payments received on account		3,118,044	2,399,988
Trade creditors		348,905	136,881
Amounts due to subsidiary undertakings		10,640	-
Other creditors		32,697	19,987
Accruals and deferred income		191,443	352,977
		3,917,522	3,240,248

19 Loans and overdrafts

	2017 £	2016 £
Bank loans	1,632,614	1,831,201
Payable within one year	188,986	179,958
Payable after one year	1,443,628	1,651,243

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.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans	19	1,443,628	1,651,243

21 Prepaid Fees Scheme

	2017 £	2016 £
Within 1 year	168,883	278,727
Within 1-2 years	94,347	157,224
Within 2-5 years	138,533	100,353
	401,763	536,304

The balance represents the accrued liability for prepaid school fees. The movements during the year were:

	2017 £
Balance at 1st September 2016	536,304
Additional prepaid fee amounts	147,973
Amounts utilised in payment of fees to the school	(282,514)
Balance at 31st August 2017	401,763

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 Retirement benefit schemes

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teacher's Pension Budgeting and Valuation Account

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 2017

22 Retirement benefit schemes

(Continued)

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 £437,756 (2016 - £411,266).

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 £17,516 (2016 - £25,042).

23 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2017 are represented by:			
Tangible assets	9,022,500	-	9,022,500
Investments	10,833	-	10,833
Current assets/(liabilities)	(2,081,496)	-	(2,081,496)
Long term liabilities	(1,443,628)	-	(1,443,628)
	<u>5,508,209</u>	<u>-</u>	<u>5,508,209</u>

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Movement in funds

	Balance at 1 September 2016	Movement in funds		Balance at 31 August 2017
	£	Incoming resources £	Resources expended £	£
Unrestricted funds				
General fund	4,857,686	9,577,299	(9,251,402)	5,184,222
Restricted funds				
IT Centre Fund	29,109	-	(8,929)	20,180
Norman Quick Travel Bursary	5,598	-	-	5,598
Foundation	62,281	-	(1,325)	60,956
Science Block	94,079	-	(2,002)	92,077
Sports Pavillion	59,001	-	(1,188)	57,813
Lingard Goblet	1,000	-	-	1,000
Walled Garden	3,000	-	-	3,000
Theatre Project	10,000	86,000	(13,843)	82,157
	<u>5,121,754</u>	<u>9,663,299</u>	<u>(9,278,689)</u>	<u>5,507,003</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 2017

24 Movement in funds

(Continued)

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.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

25 Operating lease commitments

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

	2017 £	2016 £
Within one year	1,196	5,381
Between two and five years	-	1,196
	<u>1,196</u>	<u>6,577</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>307,474</u>	<u>364,526</u>

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.

The company is exempt from disclosing inter group transactions due to the fact that consolidated financial statements, in which this company is included, are publicly available from the Registrar of Companies, Cardiff.

MORETON HALL EDUCATIONAL TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

27 Subsidiaries

These financial statements are separate charity financial statements for Moreton Hall Educational Trust Ltd.

Details of the charity's subsidiaries at 31 August 2017 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Moreton Hall Services Limited	England Provision of goods to pupils	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of subsidiaries was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Moreton Hall Services Limited	(396)	12,791

28 Cash generated from operations	2017 £	2016 £
Surplus for the year	386,456	182,020
Adjustments for:		
Investment income recognised in profit or loss	(800)	(560)
(Gain)/loss on disposal of tangible fixed assets	-	757
Fair value gains and losses on investments	(639)	(1,681)
Depreciation and impairment of tangible fixed assets	349,435	354,347
Financing costs	69,920	86,663
Movements in working capital:		
Decrease in stocks	6,838	6,822
Decrease/(increase) in debtors	1,305	(130,275)
Increase in creditors	668,247	15,327
Cash generated from operations	1,480,762	513,420