

Report of the Trustees and
Audited Financial Statements for the Year Ended 31 August 2018
for
Moreton Hall School Trust Limited

Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Moreton Hall School Trust Limited

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for the Year Ended 31 August 2018

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Moreton Hall School Trust Limited

Report of the Trustees **for the Year Ended 31 August 2018**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2018. The trustees have adopted the provisions of 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

Objectives and policies

Moreton Hall School Trust Limited is registered with the Charity Commission. Its principal activity is providing independent private education.

There have been no changes in the policies of the company during the year, and the company is to continue to provide independent private education.

ACHIEVEMENT AND PERFORMANCE

Review of developments, activities and achievements

Moreton Hall achieves high academic and pastoral standards for the comprehensive range of pupils who attend the school. Pupils are guided successfully to the senior school of their choice whether that is in the state system or continuing on in the public school system.

Once again, in the current year, 100% of pupils gained access to the senior school of their choice. From the year 8 class pupils went on to schools such as The Leys, The Perse, Uppingham, Oundle and Culford. The school has a strong record of preparing pupils for scholarships to some of the most well known public schools.

Over the last few years, pupils have gained academic scholarships to the Perse, The Leys and Stonyhurst as well as all rounder scholarships to the Leys, Marlborough and Uppingham.

Moreton Hall continues to be passionate about delivering an all round education. Music, sport and drama continue to flourish and are all given significant emphasis within the wider curriculum. In music, the school has a choir and an orchestra and prepares children for ABRSM exams at all grade levels within pupils gaining a high number of Merits and Distinctions.

In Drama, each year group is involved in an annual production in addition to the nativity play. In addition, a number of pupils take part in the Sudbury Festival of Speech and Drama with many winning categories or gaining commendations.

In Sport, the school has around a 70% success rate across all sports and regularly competes at Rugby, Hockey, Football, Cricket, Netball, Rounders, Swimming and Cross Country. Virtually all pupils represent the school at sport.

Pupils are encouraged to support a local charity and each year the school council selects a charity of the year. This year, the choices were East Anglia Children's Hospice and St Nicholas' Hospice.

The school continues to offer its facilities for the use of the local clubs and societies, with the Suffolk Country Youth netball team, and others on an ad-hoc basis, using its pitches or sports hall. The school has strong links with Moreton Hall Health Club and shares use of the swimming pool and tennis courts.

The school offers a number of means tested bursaries which allow wider access to its educational provision.

The school continues to be a diverse, vibrant and inclusive community producing excellent academic performance but focussing most of all on encouraging pupils to be happy, confident, caring and principled individuals.

Plans for future performance

The school plans to continue to admit a selected number of pupils from overseas building on its strong historic relationships with pupils from Spain, Thailand, China and Japan.

The school has expanded its marketing activity with new open days and targeted advertising.

Moreton Hall School Trust Limited

Report of the Trustees **for the Year Ended 31 August 2018**

FINANCIAL REVIEW

Financial overview

During the year fee income has increased by just over 10%, reflecting the gradual increase in pupil numbers. Careful control of costs means that the level of outgoing resources is broadly stable.

Resources expended have exceeded incoming resources in the year, therefore the school is showing net outgoing resources.

The Trustees continue to support the school and are exploring all routes to improve financial performance whilst maintaining the unique atmosphere and outstanding educational provision. These routes focus on the organic growth of the school by increasing pupil numbers from within the catchment and overseas but also include refinancing options including releasing funds from better utilisation of the school's substantial and valuable asset base.

Going concern

The economic situation remains difficult and small schools are very highly operationally geared in that small changes in pupil numbers make a disproportionately large difference to overall income and cash flow, however by careful financial management Moreton Hall continues to be able to service its debt and operate effectively. The ownership within the group of the freehold provides strong asset backing and a platform for development over the next 3 to 5 years.

During the year the school had net outgoings. As a charitable organisation, the school is not looking to obtain significant net surplus, but enough to reinvest in the school and continue to fulfil its charitable aims. The Trustees have produced detailed budgets and forecast up to and including the year ended 31 August 2019. These show stable financial performance and confirm that with the support of its trustees the school can satisfy its borrowings and capital commitments.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Appointment and training

Trustees are selected from individuals who have demonstrated a commitment to Moreton Hall, share its values and are fully supportive of its ethos. Individual trustees are selected on the basis of matching their skills and experience to the particular needs that arise within the trustee body from time to time. The training of trustees is based around certain core areas such as the role of trustees and our obligations as a charity, supplemented by specific training on an as needs basis.

Organisational structure

The Company's Trustees appoint staff who look after the day to day running of the organisation. The Trustees are supported by a board of Governors who have a breadth of Educational, Financial, and property management experience.

All major decisions regarding the performance of the school are reviewed and agreed with the governing body. The governing body meets three times a year and reviews all aspects of the performance of the school.

The Trustees delegated day to day management of the school to the Headmaster; Mr C.Moxon during the period reported on. The major areas of school activity are overseen by a number of governance committees. The committees are: finance, marketing, education and , health and safety.

Public benefit statement

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

Moreton Hall School Trust Limited

Report of the Trustees
for the Year Ended 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the charitable company is exposed, in particular related to operations and finances of the school, and are satisfied that the systems are in place to mitigate their exposure to major risks. The trustees feel that the greatest potential risk to the charitable company is any reduction in pupil numbers. Efforts have been made to manage costs conservatively. Pupil numbers have been generated by recommendations from existing parents of pupils, marketing activity including open days and strengthened relationships with overseas agents. The proactive approach of the Headmaster has ensured that pupil numbers have remained relatively stable against the background of a difficult economic environment.

Going forward, the school will continue its more active approach to the marketing including open days, selective advertising and the use of overseas agents.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01509238 (England and Wales)

Registered Charity number

280927

Registered office

Moreton Hall School
Mount Road
Bury St Edmunds
Suffolk
IP32 7BJ

Trustees

P B Loft	Director
N R Smith	Director

Headmaster

Mr C Moxon

Company Secretary

N R Smith

Auditors

Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Bankers

Lloyds Bank
28-34 Risbygate Street
Bury St Edmunds
Suffolk
IP33 3AH

Moreton Hall School Trust Limited

Report of the Trustees
for the Year Ended 31 August 2018

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Moreton Hall School Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Knights Lowe Limited, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 19 May 2019 and signed on its behalf by:


.....
P B Loft - Trustee

Report of the Independent Auditors to the Members of
Moreton Hall School Trust Limited

Opinion

We have audited the financial statements of Moreton Hall School Trust Limited (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2018 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

Report of the Independent Auditors to the Members of
Moreton Hall School Trust Limited

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



J P Knights ACA BSc (Senior Statutory Auditor)
for and on behalf of Knights Lowe Limited
Eldo House
Kempson Way
Suffolk Business Park
Bury St Edmunds
Suffolk
IP32 7AR

Date: 28.5.2019

Moreton Hall School Trust Limited

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2018

		2018	2017
		Unrestricted	Total
		funds	funds
		£	£
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	1,100	39,294
Charitable activities	4		
Activities for generating funds		938,266	909,050
Rental Income		34,350	25,999
Total		973,716	974,343
 EXPENDITURE ON			
Charitable activities	5		
Activities for generating funds		3,414	10,676
Staff costs		672,911	678,427
Support costs		380,068	347,448
Depreciation		37,642	30,941
Total		1,094,035	1,067,492
 NET INCOME/(EXPENDITURE)		(120,319)	(93,149)
 RECONCILIATION OF FUNDS			
Total funds brought forward		(429,612)	(336,463)
 TOTAL FUNDS CARRIED FORWARD		(549,931)	(429,612)

The notes form part of these financial statements

Moreton Hall School Trust Limited

**Balance Sheet
At 31 August 2018**

	Notes	2018 Unrestricted funds £	2017 Total funds £
FIXED ASSETS			
Tangible assets	11	268,876	249,454
Investments	12	1,597,204	1,597,204
		1,866,080	1,846,658
CURRENT ASSETS			
Stocks	13	1,681	631
Debtors	14	138,061	133,784
Cash at bank and in hand		24,154	456
		163,896	134,871
CREDITORS			
Amounts falling due within one year	15	(1,443,183)	(1,255,008)
NET CURRENT ASSETS/(LIABILITIES)		(1,279,287)	(1,120,137)
TOTAL ASSETS LESS CURRENT LIABILITIES		586,793	726,521
CREDITORS			
Amounts falling due after more than one year	16	(1,136,724)	(1,156,133)
NET ASSETS/(LIABILITIES)		(549,931)	(429,612)
FUNDS	20		
Unrestricted funds		(549,931)	(429,612)
TOTAL FUNDS		(549,931)	(429,612)

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 16 May 2019 and were signed on its behalf by:


P B Loft -Trustee

The notes form part of these financial statements

Moreton Hall School Trust Limited

**Cash Flow Statement
for the Year Ended 31 August 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	21,034	(68,303)
Interest paid		(49,339)	(48,272)
Interest element of hire purchase and finance lease rental payments		(3,811)	(2,807)
Finance costs		(2,369)	(2,222)
Net cash provided by (used in) operating activities		(34,485)	(121,604)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(32,004)	(12,263)
Net cash provided by (used in) investing activities		(32,004)	(12,263)
Cash flows from financing activities:			
Loan repayments in year		(42,334)	(42,149)
Additional Trustee loan in year		151,473	161,955
Capital repayments in year		(7,759)	(5,604)
Net cash provided by (used in) financing activities		101,380	114,202
Change in cash and cash equivalents in the reporting period		34,891	(19,665)
Cash and cash equivalents at the beginning of the reporting period	2	(10,737)	8,928
Cash and cash equivalents at the end of the reporting period	2	24,154	(10,737)

The notes form part of these financial statements

Moreton Hall School Trust Limited

Notes to the Cash Flow Statement
for the Year Ended 31 August 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(120,319)	(93,149)
Adjustments for:		
Depreciation charges	37,642	30,941
Interest paid	49,339	48,272
Interest element of hire purchase and finance lease rental payments	3,811	2,807
Finance costs	2,369	2,222
(Increase)/decrease in stocks	(1,050)	2,238
Increase in debtors	(4,277)	(5,560)
Increase/(decrease) in creditors	53,519	(56,074)
Net cash provided by (used in) operating activities	21,034	(68,303)

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	522	456
Notice deposits (less than 3 months)	23,632	-
Overdrafts included in bank loans and overdrafts falling due within one year	-	(11,193)
Total cash and cash equivalents	24,154	(10,737)

1. ACCOUNTING POLICIES

Preparation of financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Moreton Hall School Trust Limited, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the charity can be found in the reference and administrative details on page 3.

The presentational currency of the financial statements is the Pound Sterling (£).

Preparation of consolidated financial statements

The financial statements contain information about Moreton Hall School Trust Limited as an individual charity and do not contain consolidated financial information as the parent of a group. The charity is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

The subsidiary, Moreton Hall School Trust, has been excluded from consolidation as it has not traded in the current or preceding year.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

a) Fees receivable

Fees receivable represents the value of the tuition fees and pupil registrations for the year, less bursaries and other discounts given.

b) Donations and grants

Monetary donations and grants received are credited to the Statement of Financial Activity in the year of receipt and released over the expected life of the asset. Donated assets are only reflected in the financial statements if material and if their market value can be reasonably determined.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the 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.

Charitable activities

Costs of charitable activities includes all expenditure other than for generating funds or governance incurred in furtherance of the charity's objectives.

Allocation and apportionment of costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. The bases on which support costs have been allocated are set out in note 7.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Sports Hall	- Straight line over 10 to 40 years
Long leasehold	- Straight line over 10 to 40 years
Fixtures and fittings	- 10 years straight line
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Debtors

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

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.

Taxation

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

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

The company contributes to a Department for Education and Employment scheme, which is a defined benefit scheme, at rates set by the scheme actuary and advised to the company 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 company. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme.

Non-teaching staff are eligible to become members of a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

The annual contributions payable to both schemes are charged to the Statement of Financial Activities in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, with the exception of advance fee schemes. A simple discount is offered by the Trust on the prevailing fee rates payable in return for payment in advance. The advance payment must be treated as deferred income until the criteria for income recognition are met.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less provision for impairment.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Trust's accounting policies, which are described below, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available 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 which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any key sources of estimation uncertainty. Critical judgements relate to going concern as follows:

Going concern

The company meets its day to day working capital requirements through a bank overdraft facility of £75,000 which is repayable on demand.

The governors have no expectation that the bank will not provide continued support in the form of the bank overdraft.

During the year, and in previous years the company has been provided with loans from Trustees, this has continued since the year end to ensure that the company can meet its cash requirements. Additional funds will and have been made available, and the Trustees will continue to provide support going forward.

From the financial planning undertaken and subject to not requiring excessive sums for property repairs and assuming continued support from the bank, the governors consider it appropriate to prepare the financial statements on a going concern basis.

3. DONATIONS AND LEGACIES

	2018	2017
	£	£
Donations and fundraising	1,100	39,294

Donations and fundraising relates to donations received from various parties.

Moreton Hall School Trust Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018 £	2017 £
Fees receivable	Activities for generating funds	830,499	804,404
Extras and disbursements recoverable and recovered	Activities for generating funds	53,806	65,999
Other income	Activities for generating funds	53,961	38,647
Rent receivable	Rental Income	34,350	25,999
		<u>972,616</u>	<u>935,049</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 6) £	Support costs (See note 7) £	Totals £
Activities for generating funds	3,414	-	3,414
Staff costs	672,911	-	672,911
Support costs	315,209	64,859	380,068
Depreciation	37,642	-	37,642
	<u>1,029,176</u>	<u>64,859</u>	<u>1,094,035</u>

6. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2018 £	2017 £
Staff costs	672,911	678,427
Rates and insurance	31,809	36,392
Light and heat	35,089	25,680
Repairs - premises and household	59,411	41,786
Gardens and grounds	6,164	6,326
Advertising	3,414	10,676
Catering costs	57,213	55,036
Subscriptions & licences	3,950	4,127
General teaching expenses	6,517	9,220
Disbursements recoverable	22,985	19,671
Administration costs -postage, telephone, cleaning etc.	39,729	42,393
Bad debts	1,512	(7,600)
Travel and motor expenses	4,401	6,429
Leasing costs	46,429	45,921
Depreciation	37,642	30,941
	<u>1,029,176</u>	<u>1,005,425</u>

7. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Support costs	<u>55,519</u>	<u>9,340</u>	<u>64,859</u>

Moreton Hall School Trust Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration	5,000	5,001
Other non-audit services	4,340	3,765
Depreciation - owned assets	29,203	27,688
Depreciation - assets on hire purchase contracts and finance leases	8,439	2,802
Operating lease costs - other	45,789	45,921

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

No trustee or person with a family or business connection with a trustee, received remuneration in the year, directly or indirectly, from the charity or an institution or company controlled by the charity.

Trustees receive no interest on loans that have been made to the charity.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2018 nor for the year ended 31 August 2017.

Moreton Hall School Trust Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

10. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	580,153	579,420
Social security costs	42,451	44,261
Other pension costs	50,307	54,746
	672,911	678,427

The average monthly number of employees during the year was as follows:

	2018	2017
	34	41

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018	2017
	1	-

During the year retirement benefits were accruing to 1 high paid staff member (2017 - nil) in respect of defined benefit pension schemes.

Key management personnel

The key management personnel of the Trust comprise the Trustees, the Headmaster, the Deputy Headmaster and the Head of Lower School. The total remuneration (including pension contributions, excluding social security costs) of the key management personnel for the year totalled £157,253 (2017: £135,306). The total social security costs of the key management personnel for the year totalled £15,929 (2017: £13,307).

11. TANGIBLE FIXED ASSETS

	Sports Hall	Long	Fixtures and	Motor	Totals
	£	leasehold	fittings	vehicles	£
COST					
At 1 September 2017	121,622	460,929	168,203	14,950	765,704
Additions	2,025	16,576	8,399	30,064	57,064
At 31 August 2018	123,647	477,505	176,602	45,014	822,768
DEPRECIATION					
At 1 September 2017	88,370	283,376	129,554	14,950	516,250
Charge for year	3,361	20,077	8,567	5,637	37,642
At 31 August 2018	91,731	303,453	138,121	20,587	553,892
NET BOOK VALUE					
At 31 August 2018	31,916	174,052	38,481	24,427	268,876
At 31 August 2017	33,252	177,553	38,649	-	249,454

The net book value of tangible fixed assets includes £36,694 (2017 - £15,069) in respect of assets held under hire purchase contracts.

Moreton Hall School Trust Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

11. TANGIBLE FIXED ASSETS - continued

12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 September 2017 and 31 August 2018	1,597,204
 NET BOOK VALUE	
At 31 August 2018	1,597,204
At 31 August 2017	1,597,204

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

Moreton Hall School Limited

Registered office: Moreton Hall School, Mount Road, Bury St Edmunds, Suffolk, IP32 7BJ

Nature of business: Investment in freehold property.

	% holding	2018 £	2017 £
Class of share:	100		
Ordinary A			
 Aggregate capital and reserves		1,606,947	1,606,947

Moreton Hall School Limited owns the freehold property excluding the playing field, which the school uses for its charitable activity. A lease was granted by Moreton Hall School Limited on 20 October 2009, for use of the property at Moreton Hall School. The term of this lease is 99 years, with yearly rentals payable of one peppercorn.

13. STOCKS

	2018 £	2017 £
Stocks	1,681	631

Moreton Hall School Trust Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	103,753	115,844
Prepayments and accrued income	34,308	17,940
	<hr/> 138,061 <hr/>	<hr/> 133,784 <hr/>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 17)	39,316	56,311
Other loans (see note 17)	925,745	774,272
Hire purchase (see note 18)	5,012	4,835
Trade creditors	51,171	9,686
Amounts owed to group undertakings	6,947	6,947
Social security and other taxes	12,055	11,351
Other creditors & accruals	63,257	13,560
Fees in advance	339,680	378,046
	<hr/> 1,443,183 <hr/>	<hr/> 1,255,008 <hr/>

Analysis of fees in advance

Fees are payable termly in advance therefore the income is deferred as the criteria for income recognition has not been met. Within deferred income are annual and multi-annual fees paid in advance in return for a discount. An analysis of deferred income is shown as follows:

	2018	2017
	£	£
Deferred income brought forward	378,046	391,157
Amounts released in year	(317,283)	(322,133)
Income deferred in year	280,617	309,022
	<hr/> 341,380 <hr/>	<hr/> 378,046 <hr/>

In addition to the above shown as fees in advance, there was also an amount of £49,842 (2017: £nil) relating to insurance proceeds received but not fully expended which has been shown in other creditors and accruals.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Bank loans (see note 17)	849,600	886,133
Other loans (see note 17)	200,000	200,000
Hire purchase (see note 18)	17,124	-
Other creditors	70,000	70,000
	<hr/> 1,136,724 <hr/>	<hr/> 1,156,133 <hr/>

Moreton Hall School Trust Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

a) Loan stock of £200,000 was issued on 20 October 2009, as deferred consideration for the purchase of the shares in Moreton Hall School Limited.

The Loan stock is redeemable in October 2019, and interest is payable at a range of rates, being 4.25% for the year to 19 October 2010, 5% for the year to 19 October 2011, 7.5% for the year to 19 October 2012, and 10% from 20 October 2012 onwards.

b) The bank loan is repayable over 25 years at £5,300 per month and interest is charged on the loan at a rate of 2% above the bank's base rate.

c) On 30 July 2012 the bank provided funding for a new classroom block in the form of fixed rate loan of £101,500 repayable over 20 years at £655.26 per month. Interest is charged on the loan at a rate fixed for 10 years of 5.73%.

17. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year on demand:		
Bank overdraft	-	11,193
Classroom loan	3,788	3,763
Lloyds mortgage	35,528	41,355
Trustee loan	925,745	774,272
	965,061	830,583
Amounts falling between one and two years:		
Bank loans - 1-2 years	40,580	46,349
Loan stock	200,000	-
	240,580	46,349
Amounts falling due between two and five years:		
Bank loans - 2-5 years	129,778	146,718
Loan stock	-	200,000
	129,778	346,718
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more than 5 years	679,242	693,066

Moreton Hall School Trust Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

18. LEASING AGREEMENTS

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	5,012	4,835
Between one and five years	17,124	-
	<u>22,136</u>	<u>4,835</u>

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018	2017
	£	£
Within one year	<u>1,200</u>	<u>45,898</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank overdraft	-	11,193
Bank loans	888,916	931,251
Hire purchase contracts	22,136	4,835
	<u>911,052</u>	<u>947,279</u>

Lloyds Bank plc, provider of the bank overdraft and bank loans, hold a charge over the leasehold property and all other property and assets of the charitable company.

The hire purchase contracts hold charges over the assets to which they relate.

The loan stock is secured by a fixed and floating charge over all property and assets of the charitable company.

20. MOVEMENT IN FUNDS

	At 1.9.17	Net movement in funds	At 31.8.18
	£	£	£
Unrestricted funds			
General fund	(426,816)	(120,319)	(547,135)
Revaluation of freehold property	(2,796)	-	(2,796)
	<u>(429,612)</u>	<u>(120,319)</u>	<u>(549,931)</u>
TOTAL FUNDS	<u>(429,612)</u>	<u>(120,319)</u>	<u>(549,931)</u>

Moreton Hall School Trust Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2018**

20. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	973,716	(1,094,035)	(120,319)
TOTAL FUNDS	<u>973,716</u>	<u>(1,094,035)</u>	<u>(120,319)</u>

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
Unrestricted Funds			
General fund	(333,667)	(93,149)	(426,816)
Revaluation of freehold property	(2,796)	-	(2,796)
	<u>(336,463)</u>	<u>(93,149)</u>	<u>(429,612)</u>
TOTAL FUNDS	<u>(336,463)</u>	<u>(93,149)</u>	<u>(429,612)</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	974,343	(1,067,492)	(93,149)
TOTAL FUNDS	<u>974,343</u>	<u>(1,067,492)</u>	<u>(93,149)</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
General fund	(333,667)	(213,468)	(547,135)
Revaluation of freehold property	(2,796)	-	(2,796)
TOTAL FUNDS	<u>(336,463)</u>	<u>(213,468)</u>	<u>(549,931)</u>

Moreton Hall School Trust Limited

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

20. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,948,059	(2,161,527)	(213,468)
TOTAL FUNDS	<u>1,948,059</u>	<u>(2,161,527)</u>	<u>(213,468)</u>

21. PENSION COMMITMENTS

The charity contributes to the Teachers Superannuation pension scheme for its professional employees and a defined contribution scheme for other staff. Contributions paid in the year were £50,307 (2017: £54,746). At the year end a balance of £6,994 (2017: £6,920) was outstanding.

22. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2018 or 31 August 2017.

23. RELATED PARTY DISCLOSURES

a) The company has loans from trustees. The total amount due to trustees at 31 August 2018 is £925,745 (2017: £774,272). No interest is being charged on these loans.

b) A lease was granted to the charitable company on 20 October 2009, from MHSL Field Nominee Limited for use of the playing fields at Moreton Hall School. The term of this lease is 99 years, with yearly rentals payable of one peppercorn.

c) A lease was granted to the charitable company on 20 October 2009, from Moreton Hall School Limited for use of the property at Moreton Hall School. The term of this lease is 99 years, with yearly rentals payable of one peppercorn.

24. ULTIMATE CONTROLLING PARTY

The charitable company is jointly controlled by the directors, with no one director having ultimate control over the charitable company.