

The Mereside Education Trust  
Report and Financial Statements

31 Dec 2018

Charity number: 1058933

**The Mereside Education Trust**  
**Report and Financial Statements**  
**Contents**

	<b>Page</b>
Legal and administrative information	1
Report of the Trustees	2 - 8
Report of the Independent Auditor	9 - 11
Consolidated statement of financial activities	12
Charity statement of financial activities	13
Group and Charity balance sheets	14
Statement of total recognised gains and losses	15
Consolidated cash flow statement	16
Charity cash flow statement	17
Notes forming part of the financial statements	18 - 32

**The Mereside Education Trust**  
**Legal and administrative information**

**Trustees**

Mr L Baldwin  
Mr M Chadwick  
Mr K Devenish  
Mr M Dunbar  
Mr J Hayward  
Mr M Hutchins  
Mr C Lewis  
Mr N Simpson  
Mr A Wells  
Mr V Wells

**Chief Executive Officer**

Mr A Wells

**Address of Principal Office**

Hartford Manor  
Greenbank Lane  
Northwich  
CW8 1HW

**Department for Education**

**Registration number**

356/6030

**Auditor**

Dr J R Ayling BSc FCA  
8 Troutbeck Avenue  
Leamington Spa  
CV32 6NE

**Accountants**

Oldfield Services  
Santis House  
Curriers Close  
Coventry  
CV4 8AW

**Bankers**

NatWest Bank plc  
23 Stamford New Road  
Altrincham  
Cheshire  
WA14 1DB

**Solicitors**

Rothwell and Evans  
3 Claremont Road  
Sale  
Cheshire  
M33 7DZ

Charities Aid Foundation Bank  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent, ME19 4JQ

## **The Mereside Education Trust**

### **Report of the Trustees for the year ended 31 Dec 2018**

The Trustees of Mereside Education Trust present their annual report and audited accounts for the year ended 31 December 2018 and confirm they comply with the requirements of the Charities Act 2011, the trust deed and the Charities SORP (FRS 102).

#### **OUR AIMS**

The charitable objects of the Trust are the advancement of the education of children and young people. The objects also include any other charitable purpose for the benefit of the worldwide Christian fellowship known as the Plymouth Brethren Christian Church.

In furtherance of its objects, the Trust operates an independent school based in Stockport (the "School"), which educates approximately 150 pupils from the ages of 7 to 18.

#### **Ethos**

Students are encouraged to develop their full potential and acquire the discipline of learning how to learn, while upholding Christian teachings and beliefs.

The truth and authority of the Holy Bible and strong family values underpin the commitment of the School to provide quality in every facet of education – curriculum, teachers, facilities, management and discipline - in a safe and caring environment.

#### **Values**

The Trustees are drawn from the Brethren community and the School is committed to a way of life that is governed by the Holy Bible, expecting the conduct of pupils and staff consistently to reflect Biblical values and the specific values of the School, which include:

- Integrity – uprightness, honesty and decorous conduct, governed by the Holy Bible;
- Care & compassion – kindness, consideration and generosity to all;
- Respect – for all people, property, opinions and authority;
- Responsibility – for our actions, progress and environment;
- Commitment – to self-discipline and the pursuit of excellence.

#### **Related Parties**

The Charity has two wholly owned subsidiary companies, Quanto Enterprise Ltd (Quanto), which undertakes trading activities and Hartford Investments Ltd, which owns premises the school plans to move into in the coming year. All profits chargeable to corporation tax are gifted to the Trust. The results of Quanto Enterprise Ltd and Hartford Investments Ltd have been consolidated with those of the Trust in order to produce the consolidated financial statements which follow.

The Trust is affiliated to Focus Learning Trust (FTL) (registered charity number 1099725), which provides educational, operational and financial support to the Trust and to a number of similar charities operating Schools linked with the Plymouth Brethren Christian Church. Focus Learning Trust provides advice and guidance to the Trustees on the formulation of School policies and practices and monitors expenditure of the funding it provides.

The Mereside Education Trust works closely with Allerton Education Trust (Liverpool) and Willowview Trust (Crewe), both of whom are property trusts. As a school under the Focus Learning Trust umbrella, Mereside also works alongside other Focus schools in the North of England.



## **The Mereside Education Trust**

### **Report of the Trustees for the year ended 31 Dec 2018**

#### **OUR OBJECTIVES**

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit and we have had regard to it when reviewing our aims and objectives, and in planning our future activities. In particular we consider how planned activities will contribute to the educational aims and objectives we have set.

The School has a commitment to ensure it is operating in terms of both progress and attainment in the top percentile of all schools. It is committed to embed the success it has had in public examinations and its March 2017 SIS inspection that recognized the school as being world class, and awarding it outstanding in all four categories. The school sets itself incredibly high goals of progress 8 scores of over 1, against a national average a full level lower.

The School has specific objectives:

- To ensure that the foundations of learning behaviours and expectations of quality first teaching are built upon by both students and staff.
- To ensure the School meets progress and attainment targets that place it in the top 95<sup>th</sup> percentile nationally.
- To ensure that during a period where high levels of change and development due to the move, both staff and student are supported to ensure that motivation, enthusiasm and trust are not lost.
- To develop SLT, phase leader and staff to ensure that the school is ready and prepared for the higher demands and expectations.

#### **Volunteer Contribution**

The School is run by volunteer executives, some of whom may be parents of pupils. However, the Trust employs professional teachers to provide day to day management and to teach the pupils.

Volunteers are an integral part of the community ethos and values of the school. We have a strong and willing group of parents that assist in driving buses, assisting in wider charitable events and supporting the school in its regular maintenance days.

#### **STRATEGIES FOR ACHIEVING OBJECTIVES**

The Trustees' strategy for achieving the Trust's objectives can be summarised as maintaining the clear and effective management structure of the School. This ensures that the professional leadership team are both held accountable to, and supported by, the Trust through the Campus Administration Team (CA Team). The CA Team meet regularly and progress is reported in a structured way. Strategic objectives and decisions are made by the Team and these are implemented and tracked through the "90-day sprint" program.

The Trust has embarked, in conjunction with other Plymouth Brethren Schools in the UK to consolidate by the end of 2019 into one new charitable entity, OneSchool Global UK in order to continue to meet its charitable objectives in a prudent and sustainable manner within the context of a single vision. The Trust is embarking on detailed plans to ensure that its objectives will be fully met and enhanced and Trustees have secured legal and professional advice in order to protect and engage its students and staff throughout this consolidation.

## **The Mereside Education Trust**

### **Report of the Trustees for the year ended 31 Dec 2018**

#### **ACTIVITIES**

Pupils who attend the School are expected to act in accordance with the doctrines and practices of the Brethren, but there is no other academic or financial selection process for admission to the School.

The curriculum is designed to provide opportunities for pupils of varied abilities and interests. The subjects offered are in line with the National Curriculum and cover key learning areas. There is an increasing focus on encouraging and developing self-directed learning principles with students.

The curriculum includes all core subjects and foundation areas are provided for across all key stages. The school enhances its provision at KS5 by partnership with FLT and Virtual Classroom (VC) provision from other campuses. The curriculum was noted as being outstanding by SIS in their inspection and met all Independent School regulations. Physical education is mandatory and all students are expected to take part.

The aim is to provide a broad and balanced curriculum which promotes personal development and prepares students for increasing independence and responsibility. The Trustees encourage the use of a wide variety of high quality educational material and resources (including computers, multi-media, video-conferencing, and learning management systems).

Regular excursions take place as an extension to classroom learning and to provide experiences that cannot be gained in the classroom.

The Trustees are committed to safeguarding and promoting the welfare of our pupils, and we expect all staff and volunteers to share this commitment. The School provides parents with newsletters and other communications sent throughout the year giving them information about their child's performance and the wider School activities.

The School relies in large part on professional academic assessments to measure the success of its teaching. School assessments are designed to assist teachers in monitoring the progress of students, identifying learning difficulties and reporting on achievements to parents and guardians. Assessments include tests, examinations and assessment tasks, which provide feedback to students on their strengths and weaknesses and achievement levels. Students take national examinations at the appropriate key stages.

The School also measures its success through the results of its inspections by the School Inspection Service, an independent body approved by the Secretary of State for Education and monitored by Ofsted. The most recent report (dated 9 March 2017) stated that the school was found to be outstanding in all four areas:

- The quality of education.
- Pupils' personal development.
- Safeguarding pupils' welfare health and safety.
- Leadership, management and governance.

**The Mereside Education Trust**  
**Report of the Trustees for the year ended 31 Dec 2018**

**ACHIEVEMENTS AND PERFORMANCE**

During the year the following was achieved:

- This year the students have been challenged to prepare for the forthcoming site move. The aim has been to minimise the disruption and ensure that the students thrive in the new purpose built environment. Teachers have continued to develop SDL to ensure quality first teaching is maintained.
- Academic outcomes continue to be strong against strong baselines the school has set itself. Progress 8 scores this year are set to be above +1 from +1.84 last year (National average: 0.01).
- SEN has had a full review to ensure that quality first teaching is set and developed. All students are reviewed after every assessment point with planned targets created to support learning and progress. The provision of support will be increasing from one teaching assistant to two. The aim is to further develop classroom and one to one support throughout all years in the school.
- Lamda has continued to grow and thrive. A large variety of students through KS2, KS3, KS4 and KS5 undertake the program and show massive gains in confidence and knowledge. A number of opportunities have developed this year to explore cross-curricula links, for example in science the students were able to create model cells using textile techniques.
- Student voice and leadership has been enhanced and developed throughout this year. Students have lead all of the non-teaching days. These have ranged from world culture day through to sponsored walks. The students have been asked for feedback on behaviour and expectation, which then have been used to develop a brand new set of goals throughout the school.
- At Key Stage 2 over 95% of students achieved the baseline of +100 in all areas above national standard with only a single student not hitting baseline in reading. The Progress 8 scores for Key Stage 4 were +1.84 compared with 0.01 nationally and 82% of students secured a pass in Maths and English, with over half achieving a strong pass in this measure. The average A level grade and L3 courses combined were D-.

The school has engaged in a host of charitable extra-curricular activities:

- Through a number of events ranging from cake sales through to a sponsored walk, the students have raised money for three local charities.
- This year the students have had the opportunity to undertake athletics training at the Eithad sport arena, having dedicated sessions with specialist coaches and trainers in preparation for the sports day in Wrexham, held with another school.
- A large variety of trips and visits have occurred this year throughout most year groups. Student have performed ecology trips to local streams and older students have travelled to London to see politics in action through a Westminster visit.
- With a new head in post the school has undertaken a number of structural management changes and requested audits to ensure that maximum performance is achieved. Safeguarding and SEN have had full audits utilising external and school experts to guide and develop staff practices and reset expectations.
- Students have been challenged this year to ensure that the site is well looked after and a credit to anyone who visits. The prospect of the new site with the responsibility and opportunities it brings has underlined a number of events and challenges this year.

## **The Mereside Education Trust**

### **Report of the Trustees for the year ended 31 Dec 2018**

#### **ACHIEVEMENTS AND PERFORMANCE (continued)**

##### **Progress against objectives**

The School's "Quality First" approach to teaching, student voice and leadership, was found to be outstanding at the March 2017 inspection:

- The staffing and commitment of all is exceptional and clearly is driven by a shared vision;
- All of the School's objectives in the SIP were met and validated by public examinations and the inspection of the School;
- SDL implementation across the School is increasing, as of September 2017 each year group has had timetabled dedicated SDL time. One constraint is that the floor area of the SDL suite limits the number of students that can effectively use the provision;
- The SIS inspection result of Outstanding in each area shows the progress being made towards the goal of the School being in the top 95% national percentile;
- Student effort grades are being constantly monitored and needs addressed as and when they arise.

##### **Fundraising**

A large fundraising event was held in September 2018 at the new School site in Hartford, Northwich. The purpose of the event was to raise funds for the refurbishment of the new School site and over £350,000 was pledged to be given towards the costs. Smaller fundraising initiatives including holiday activity days, clothes mending services, second hand clothing sales, cake and sweet stalls continue to be held during the year. All these smaller events are organised by parents and supporters of the school who are very much valued for raising both funds and awareness of the School's funding needs.

#### **FINANCIAL REVIEW**

##### **Financial position**

In the year ended 31 December 2018 the Group reported net income of £96,251 (17 month period ended 31 December 2017: net expenditure of £142,162), leaving the total funds of the Group at £523,286 (31 December 2017: £427,035). All funds are unrestricted. The principal financial management policies employed by the Charity have continued to be the timely payment of creditors and teaching staff, and the prompt banking of receipts. Regular donations are requested to be paid by standing order when appropriate.

##### **Significant events**

The school has invested in the full development of ICT across KS3-5 with every student having access to their own laptop. The hardware has been supplemented by significant development of the learning platform (Canvas) which extends the capacity of students to engage in learning outside of the classroom. Structural changes to create larger learning environments for Self-Directed Learning to be more fully developed has occurred with a number of rooms being knocked through into single larger spaces.

The school's development of independent learners through the OneSchool commitment to SDL has been strongly augmented by a massive investment in staff training and development through the national Teacher Academy, where every member of staff gets an additional week's CPD with national recognition.

Towards the end of 2018 the Trust purchased the share capital of Hartford Investments Ltd in order to procure a new site for the school. Following a professional valuation of the premises, a loss on investment of £1,413,925 was reported.

##### **Principal funding sources**

The School is supported and financed principally by school fees, grants from Focus Learning Trust, income from Quanto and school fundraising events.

During the financial year fee relief provision was made available at the discretion of the Trustees for those who cannot afford full fees. All pupils are treated equally and in making any decisions regarding the education of a pupil, the Trustees ensure that the same attention, facilities and provision are available to all pupils, taking into account their individual needs.

## **The Mereside Education Trust**

### **Report of the Trustees for the year ended 31 Dec 2018**

#### **FINANCIAL REVIEW (continued)**

##### **Going concern**

The majority of the School's income is received from FLT, although increasingly larger proportions are being raised by Quanto to decrease the dependence on the grants given by FLT. Quanto have committed themselves, through carefully targeted initiatives and fund-raising events, to provide approximately one third of the School's running expenses. This is an increase of double the contribution over the past three years.

Should there be significant reductions in income, the Trustees would raise funds from other sources and in the unlikely event that they were insufficient, the Trustees consider they have the ability to cut expenditure in line with the reduced income.

##### **Reserves policy**

The long-term aim for the Charity continues to be that reserves are held to meet 1 month's operating costs which approximately equate to £100,000. The budget for 2019 has been set with this in mind and involves a program of fundraising and increasing operating efficiencies in School running costs with a view to maintaining our reserves level throughout the year.

#### **FUTURE PLANS**

We intend to continue to provide a quality education in a supportive environment, in accordance with the Trust's ethos and values. In particular:

- To focus on the advisory notes made by the Inspection team around:
  - Students' presentation and handwriting
  - Students' wider PSHEE provision mapping
- We will be emphasizing the deepening of our status as a world class school and how we are being driven by the concept of being 'The pre-eminent school'.

The Trust will by the end of 2019 seek to consolidate its future activities into OneSchool Global UK by means of the transfer of the operations of the School to OneSchool Global UK. The Trustees will ensure that the Trust has sufficient assets to meet its recognised liabilities and believe that no material adjustments arise as a result of ceasing its School operations in so far as they apply to the going concern basis of these financial statements.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Mereside Education Trust is constituted by a Deed of Trust dated 7 April 1995, amended 26 August 1996, 20 March 1997 and 18 December 2008, and is registered with the Charity Commission for England and Wales.

##### **Trustees**

The Trustees who have served during the period and since the period end are set out on page 1. None of the Trustees, nor any person connected with them, received any remuneration from the Charity in the year ended 31 December 2018 (17m ended 31 December 2017: none).

The power to appoint trustees is vested in the existing Trustees subject to the Trust Deed requirement. Trustees are selected according to their own specialism in a particular field, and are expected to pursue that specialism. New Trustees are instructed in the need to completely adhere to the ethos of the School. Guidance and instruction is provided by the Focus Learning Trust to the CA team and in particular areas, for example Special Educational Needs.

All major decisions, including those of a financial nature or those affecting the School ethos are made by the Board of Trustees at their regular meetings. More minor decisions may be made by individual trustees in their particular field of responsibility. The day to day running of the School has been delegated by the Board to the senior teacher.

## **The Mereside Education Trust**

### **Report of the Trustees for the year ended 31 Dec 2018**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Key management personnel**

The Trustees consider that they, together with the Head comprise the key management personnel. The Trustees give of their time freely and the pay and remuneration of the Head and senior staff is set by the Board of Trustees and is kept under annual review. A number of criteria are used in setting pay:

- Nature of the role and responsibilities.
- Competitor salaries in the region.
- The sector average salary for comparable positions.
- Trends in pay.

##### **Risk Management**

The Trustees have examined the major strategic, business and operational risks which the Charity faces. Through the risk management processes established for the School, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

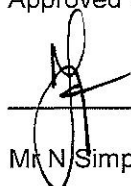
The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and the charity and of the incoming resources and application of resources of the group and the charity for that period. 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 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group or charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the group and the charity and financial information included on the charity's and subsidiary's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees and signed on their behalf by:

  
\_\_\_\_\_  
Mr N Simpson, Trustee

30.10.2019  
\_\_\_\_\_  
Date



## **Report of the Independent Auditor To the Trustees of The Mereside Education Trust**

### **Qualified opinion**

I have audited the financial statements of The Mereside Education Trust (the "Charity") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise the Group and Charity Statements of Financial Activities, the Group and Charity Balance Sheets, the Group and Charity Cash Flow Statements and Group and Charity notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements:

- give a true and fair view of the state of the Group's and Charity's affairs as at 31 December 2018 and of the Group's and Charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for qualified opinion**

With respect to Group stock having a carrying amount of £16,084 at 31 July 2016, the audit evidence available to me was limited because I did not observe the counting of the physical stock. I was unable to obtain sufficient appropriate audit evidence regarding the stock quantities or valuation at this date by using other audit procedures. The Group's accounting records, for stock only, were insufficient to allow me to carry out my other planned audit testing for the year ended 31 July 2016 and so I was unable to determine, with respect to stock alone, whether adequate accounting records had been maintained.

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

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me 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 Group or the Charity'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.

**Report of the Independent Auditor  
To the Trustees of The Mereside Education Trust  
(continued)**

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and my auditor's report thereon. The trustees are responsible for the other information. My opinion on the financial statements does not cover the other information and, I do not express any form of assurance conclusion thereon.

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

As described in the Basis for Qualified Opinion section above, I was unable to obtain sufficient appropriate evidence about the carrying amount of the Group's stock balance at 31 July 2016. Accordingly, I am unable to conclude whether or not the other information is materially misstated with respect to this matter.

**Matters on which I am required to report by exception**

Except for the possible effects of the limitation on my work relating to stock described in the Basis for Qualified Opinion paragraph, I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require me to report to you if, in my opinion:

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees 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 Group's and the Charity's abilities to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or the Charity or to cease operations, or have no realistic alternative but to do so.



**Report of the Independent Auditor  
To the Trustees of The Mereside Education Trust  
(continued)**

**Auditor's responsibilities for the audit of the financial statements**

I have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

**Use of my report**

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



Dr J R Ayling BSc FCA, Statutory Auditor  
8 Troutbeck Avenue  
Leamington Spa  
Warwickshire  
CV32 6NE

30.10.19.

Date

*Dr J R Ayling FCA is eligible for appointment as auditor of the Group and the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006 itself.*

**The Mereside Education Trust**

**Consolidated Statement of Financial Activities for the year ended 31 Dec 2018**

		Group			
		Unrestricted funds	Restricted funds	Total Year ended 31 Dec 2018	Total 17m ended 31 Dec 2017
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	3	278,381	662,554	940,935	400,465
Charitable activities	4	1,000,607	33,346	1,033,953	1,534,595
Other trading activities	5	572,114	-	572,114	613,098
Investment income	6	77	-	77	3
Other		-	-	-	19,698
<b>Total</b>		<b>1,851,179</b>	<b>695,900</b>	<b>2,547,079</b>	<b>2,567,859</b>
<b>Expenditure on:</b>					
Raising funds	7	355,941	-	355,941	273,469
Charitable activities	8	2,058,600	33,346	2,091,946	2,436,552
<b>Total</b>		<b>2,417,482</b>	<b>33,346</b>	<b>2,450,828</b>	<b>2,710,021</b>
<b>Net income / (expenditure)</b>		<b>(566,303)</b>	<b>662,554</b>	<b>96,251</b>	<b>(142,162)</b>
Transfers between funds	22	662,554	(662,554)	-	-
<b>Net movement in funds</b>		<b>96,251</b>	<b>-</b>	<b>96,251</b>	<b>(142,162)</b>
Balance at 1 January 2018	22	427,035	-	427,035	569,197
<b>Balance at 31 December 2018</b>	<b>22</b>	<b>523,286</b>	<b>-</b>	<b>523,286</b>	<b>427,035</b>

There were no recognised gains and losses for the Group for the current or prior periods other than those included in the statement of Financial Activities. All income and expenditure arises from continuing activities.

**The Mereside Education Trust**  
**Statement of Financial Activities for the year ended 31 Dec 2018**


		Charity			
		Unrestricted funds	Restricted funds	Total Year ended 31 Dec 2018	Total 17m ended 31 Dec 2017 (* re-stated, see note 6)
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	3	278,381	662,554	940,935	400,465
Charitable activities	4	1,000,607	33,346	1,033,953	1,534,595
Other trading activities	5	24,948	-	24,948	19,506
Investment income	6	191,405	-	191,405	151,784 *
Other		-	-	-	19,698
<b>Total</b>		<b>1,495,341</b>	<b>695,900</b>	<b>2,191,241</b>	<b>2,126,048 *</b>
<b>Expenditure on:</b>					
Raising funds	7	12,731	-	12,731	7,937
Charitable activities	8	1,470,654	33,346	1,504,000	2,381,584
Other		2,941	-	2,941	-
<b>Total</b>		<b>1,486,326</b>	<b>33,346</b>	<b>1,519,672</b>	<b>2,389,521</b>
<b>Net loss on investments</b>	16	<b>1,413,925</b>	<b>-</b>	<b>1,413,925</b>	<b>-</b>
<b>Net expenditure</b>		<b>(1,404,910)</b>	<b>662,554</b>	<b>(742,356)</b>	<b>(263,473) *</b>
Transfers between funds	22	662,554	(662,554)	-	-
<b>Net movement in funds</b>		<b>(742,356)</b>	<b>-</b>	<b>(742,356)</b>	<b>(263,473) *</b>
Balance at 1 January 2018	22	305,198	-	305,198	568,671
<b>Balance at 31 December 2018</b>	22	<b>(437,158)</b>	<b>-</b>	<b>(437,158)</b>	<b>305,198 *</b>

All income and expenditure arises from continuing activities.

**The Mereside Education Trust**  
**Group and Charity Balance Sheets as at 31 Dec 2018**

		<b>Group</b>		<b>Charity</b>	
		<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b> <i>(* re-stated, see note 6)</i>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible fixed asset	14	2,159,443	-	-	-
Tangible assets	15	2,051,951	551,077	513,769	549,539
Investments	16	-	-	902,856	2
		<u>4,211,394</u>	<u>551,077</u>	<u>1,416,625</u>	<u>549,541</u>
<b>Current assets</b>					
Stocks		75,143	22,664	-	-
Debtors	17	110,932	59,752	85,702	39,330 *
Cash at bank and in hand		660,073	121,204	577,523	12,463
		<u>846,148</u>	<u>203,620</u>	<u>663,225</u>	<u>51,793 *</u>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	18	(2,134,676)	(327,662)	(2,013,047)	(296,136)
<b>Net current liabilities</b>		<u>(1,288,528)</u>	<u>(124,042)</u>	<u>(1,349,822)</u>	<u>(244,343) *</u>
Debtors: amounts falling due after more than one year	17	-	-	1,895,619	-
<b>Total assets less current liabilities</b>		<u>2,922,866</u>	<u>427,035</u>	<u>1,962,422</u>	<u>305,198 *</u>
Creditors: amounts falling due after more than one year	19	(2,399,580)	-	(2,399,580)	-
<b>Total net assets / (liabilities)</b>		<u>523,286</u>	<u>427,035</u>	<u>(437,158)</u>	<u>305,198 *</u>
<b>Funds</b>					
Restricted	22	-	-	-	-
Unrestricted	22	523,286	427,035	(437,158)	305,198 *
		<u>523,286</u>	<u>427,035</u>	<u>(437,158)</u>	<u>305,198 *</u>

Approved by the trustees and signed on their behalf by:

  
 \_\_\_\_\_  
 Mr N Simpson, Trustee

30.10.2019  
 \_\_\_\_\_  
 Date

**The Mereside Education Trust**  
**Statement of total recognised gains and losses for the charity**  
**for the year ended 31 Dec 2018**

	<b>Year ended 31 Dec 2018</b>	<b>17m ended 31 Dec 2017 <i>as restated</i> (see note 6)</b>
	<b>£</b>	<b>£</b>
Total recognised losses relating to the period	(742,356)	<u>(263,473)</u>
Prior period adjustment (as explained in note 6)	121,395	
Total gains and losses recognised since the last annual report	<u>(620,961)</u>	

**The Mereside Education Trust**  
**Consolidated cash flow statement**  
**for the year ended 31 Dec 2018**

	<b>Year ended 31 Dec 2018 £</b>	<b>17m ended 31 Dec 2017 £</b>
<b>Cash flows from operating activities</b>		
Net income / (expenditure)	96,251	(142,162)
Adjustments for:		
Amortisation charge	539,861	
Depreciation charges	110,887	143,671
Loss on sale of fixed assets	424	6,513
Interest income shown in investing activities	(77)	(3)
Increase in stocks	(52,479)	(6,580)
(Increase) / decrease in debtors	(51,180)	100,444
Increase in creditors	49,814	84,664
Net cash provided by operating activities	<u>693,501</u>	<u>186,547</u>
<b>Cash flows from investing activities</b>		
Interest and dividends	77	3
Intangible asset additions	(2,699,304)	-
Purchase of tangible fixed assets	(1,612,185)	(171,131)
Net cash used by investing activities	<u>(4,311,412)</u>	<u>(171,128)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowing	(90,000)	-
Cash inflows from new borrowing	4,246,780	25,000
Net cash provided by financing activities	<u>4,156,780</u>	<u>25,000</u>
Change in cash and cash equivalents in the period	538,869	40,419
Cash and cash equivalents brought forward	121,204	80,785
<b>Cash and cash equivalents carried forward</b>	<u>660,073</u>	<u>121,204</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	<u>660,073</u>	<u>121,204</u>

**The Mereside Education Trust**  
**Cash flow statement**  
**for the year ended 31 Dec 2018**

	<b>Year ended 31 Dec 2018</b>	<b>17m ended 31 Dec 2017 (* re-stated, see note 6)</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Net expenditure	(742,356)	(263,473) *
Adjustments for:		
Investment impairment	1,413,925	-
Depreciation charges	104,966	142,455
Loss on sale of fixed assets	424	6,120
Interest income shown in investing activities	(77)	(3)
(Increase) / decrease in debtors	(1,941,991)	159,817 *
Increase in creditors	14,711	93,092
Net cash (used in) / provided by operating activities	<u>(1,150,398)</u>	<u>138,008</u>
<b>Cash flows from investing activities</b>		
Interest and dividends	77	3
Purchase of investments	(2,316,779)	
Purchase of tangible fixed assets	(69,620)	(169,783)
Net cash used in investing activities	<u>(2,386,322)</u>	<u>(169,780)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowing	(90,000)	-
Cash inflows from new borrowing	4,191,780	25,000
Net cash provided by financing activities	<u>4,101,780</u>	<u>25,000</u>
Change in cash and cash equivalents in the period	565,060	(6,772)
Cash and cash equivalents brought forward	12,463	19,235
<b>Cash and cash equivalents carried forward</b>	<u>577,523</u>	<u>12,463</u>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	<u>577,523</u>	<u>12,463</u>



**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**1 Accounting policies**

**{a} Basis of preparation**

Mereside Education Trust is a charity registered in England & Wales. The address of the registered office is given in the charity information on page 1 of these financial statements. The Trust operates an independent school based in Stockport which educates approximately 150 pupils from 7 to 18 years of age.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements and consolidated financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention and are for a period of twelve months from 1 January 2018 to 31 December 2018. The comparative amounts are for the seventeen month period from 1 August 2016 to 31 December 2017, the longer accounting period arising from the decision of the Trustees to move the financial reporting period end from 31 July to 31 December. As a consequence of the current accounting period being for a length of twelve months, but the prior period being for a period of seventeen months, the comparative amounts presented in the accounts (including the related notes) are not entirely comparable.

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

**{b} Method of consolidation**

The results of Mereside Education Trust and its wholly owned subsidiaries, Quanto Enterprise Limited and Hartford Investments Ltd, have been consolidated to produce group accounts using the acquisition method.

**{c} Funds**

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

**{d} Income recognition**

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

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



**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**1 Accounting policies (continued)**

**{d} Income recognition (continued)**

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity, or the group, has control over the item. Fair value is determined on the basis of the value of the gift to the charity, or the group. For example the amount the charity, or the group, would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

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

Investment income is earned through trading activities undertaken by the trading subsidiaries, the profits from whom are donated to the parent charity.

All income arises in the United Kingdom.

**{e} Expenditure recognition**

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

- Costs of raising funds includes the costs of fundraising and trading activities
- Expenditure on charitable activities comprises the costs of provision of education and associated costs

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

**{f} Support costs allocation**

Support costs are those that assist the work of the charity, or the group, but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities as raising funds is undertaken on a wholly voluntary basis. The analysis of these costs is included in note 10.

**{g} Intangible fixed assets - goodwill**

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. The period chosen for writing off goodwill is five years because the useful economic life cannot be estimated reliably. Provision is made for any impairment.

**{h} Tangible fixed assets**

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

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

Freehold land and assets under construction	No depreciation
Freehold buildings	2% straight line
Freehold improvements	15% straight line
Fixtures and fittings	
Non computer equipment	20% straight line
Computer equipment	33% straight line

Assets costing less than £500 are written off to the SoFA in the year of purchase.

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**1 Accounting policies (continued)**

**{i} Stocks**

Stocks comprise finished goods and are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

**{j} Debtors and creditors**

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

**{k} Concessionary loans**

Concessionary loans include those payable to, or receivable from, third parties which are interest free or below market interest rates and are made, or received, to advance charitable purposes. Where the loan is repayable on demand within one year, the loan is measured at cost, less impairment.

**{l} Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**{m} Provisions**

Provisions are recognised when the charity, or the group, has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**{n} Leases**

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

**{o} Employee benefits**

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS'). This is a defined benefit scheme and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 13, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**1 Accounting policies (continued)**

**{p} Tax**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charity for UK corporation tax purposes.

**{q} Going concern**

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

**2 Going Concern**

The majority of the charity's income is received from Focus Learning Trust whose grant to The Mereside Education Trust was £643,511 for the year ended 31 December 2018 compared with £997,911 for the 17m period ended 31 December 2017. The charity incurred a loss on investments of £1,413,925 during the year ended 31 December 2018 arising from a revaluation of its investment in its subsidiary Hartford Investments Ltd. The Trustees are of the opinion that additional funds can be raised, as necessary, from other sources including fundraising events and income from its trading subsidiary, Quanto Enterprise Ltd. The Trustees consider themselves able to cut expenditure to enable satisfactory operation of the Trust with a reduced income.

**3 Donations and legacies**

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended 31 Dec 2018</b>	<b>17m ended 31 Dec 2017</b>	<b>Year ended 31 Dec 2018</b>	<b>17m ended 31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gifts and donations	875,136	388,730	875,136	388,730
- associated income tax refunds	65,799	11,735	65,799	11,735
	<u>940,935</u>	<u>400,465</u>	<u>940,935</u>	<u>400,465</u>

Included within gifts and donations for the Group and the Charity is £601,408 (period ended 31 December 2017: £nil) relating to the restricted Capital fund, see note 22. Income tax refunds of £61,146 for the Group and the Charity (2017: £nil) are also in respect of this fund.

**4 Income from charitable activities**

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended 31 Dec 2018</b>	<b>17m ended 31 Dec 2017</b>	<b>Year ended 31 Dec 2018</b>	<b>17m ended 31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
School fees	357,096	466,903	357,096	466,903
Other parent contributions	-	371	-	371
Career Advantage Program	26,333	38,667	26,333	38,667
Grant income	650,524	1,028,654	650,524	1,028,654
	<u>1,033,953</u>	<u>1,534,595</u>	<u>1,033,953</u>	<u>1,534,595</u>

Included within grant income for the Group and the Charity is £7,013 (period ended 31 December 2017: £30,743) relating to the restricted Special Educational Needs fund, see note 22. The Career Advantage Program income is also restricted, as described in note 22.

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**5 Other trading activities**

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fundraising income	7,742	7,220	7,742	7,220
Other trading income	564,372	605,878	17,206	12,286
	<u>572,114</u>	<u>613,098</u>	<u>24,948</u>	<u>19,506</u>

**6 Investment income**

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Income from subsidiaries	-	-	191,328	151,781 *
Bank interest	77	3	77	3
	<u>77</u>	<u>3</u>	<u>191,405</u>	<u>151,784 *</u>

Trading profits payable by the trading subsidiary to the Charity, but not actually yet paid, were previously accrued at the year end. In order to fully comply with FRS102, trading profits are now only recognised by the Charity when they have been received. This change in accounting policy means that £121,395 previously included within income from subsidiaries for the Charity in the period ended 31 December 2017 has now been recognised in the year ended 31 December 2018. Amounts due from trading subsidiaries (see note 17) by the Charity at 31 December 2017, which were previously £121,395, have been re-stated as £nil. The effect of this prior period adjustment is to increase the Charity's previously reported net expenditure by £121,395. There is no effect on the previously reported figures for the Group as a consequence of this adjustment.

**7 Raising funds**

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fundraising expenses	-	1,125	-	1,125
Trading costs	355,941	272,344	12,731	6,812
	<u>355,941</u>	<u>273,469</u>	<u>12,731</u>	<u>7,937</u>

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**8 Expenditure on charitable activities**

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tutoring costs	807,872	1,456,843	807,872	1,456,843
Student transport	41,965	165,459	41,965	165,459
Fee relief	100,427	120,700	100,427	120,700
Other direct costs	68,897	89,613	68,897	89,613
Total direct costs	1,019,161	1,832,615	1,019,161	1,832,615
Support costs	1,072,785	603,937	484,839	548,969
	<u>2,091,946</u>	<u>2,436,552</u>	<u>1,504,000</u>	<u>2,381,584</u>

Included within fee relief charges for the Group and Charity is a restricted amount of £26,333 (period ended 31 December 2017: £38,667) relating to the Career Advantage Program, see note 22. Included within tutoring costs for the Group and the Charity are restricted costs of £7,013 (2017: £30,743) relating to the Special Educational Needs Fund, see note 22.

**9 Trustees' expenses and remuneration**

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (period ended 31 December 2017: £nil). Expenses paid to the trustees in the year totalled £nil (2017: £nil). Related party transactions are disclosed in note 24.

**10 Allocation of support costs**

All support costs are allocated to the sole charitable activity of the charity and the group, being the advancement of education of children and young people from the ages of five to eighteen.

<b>Support cost</b>	<b>Group</b>	<b>Charity</b>
	<b>£</b>	<b>£</b>
Premises costs	155,931	142,511
Administrative costs	167,230	145,894
Amortisation of goodwill	539,861	-
Depreciation and loss on disposals	111,311	105,390
Finance costs	56,034	55,664
Professional charges	33,868	26,830
Governance costs	8,550	8,550
	<u>1,072,785</u>	<u>484,839</u>

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**11 Net movement in funds for the year**

The net movement in funds for the year is stated after charging:

	<b>Group</b>		<b>Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amortisation of goodwill	539,861	-	-	-
Depreciation of tangible fixed assets	110,887	143,671	104,966	142,455
Audit fees	5,250	4,250	5,250	4,250

No other fees were paid to the auditor (period ended 31 December 2017: £nil).

**12 Staff costs**

	<b>Group &amp; Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>
The staff costs were:		
Wages and salaries	684,107	1,162,124
Social security costs	67,122	116,725
Pension contributions (see note 13)	83,357	143,578
Termination costs	12,494	48,541
	<u>847,080</u>	<u>1,470,968</u>
Other staff costs (inc agency staff)	70,089	138,648
	<u>917,169</u>	<u>1,609,616</u>

Agency staff are used for teaching purposes when the Trust has been temporarily unsuccessful in recruiting a teacher for specific subjects. The number of employees whose employee benefits (including holiday pay accruals under FRS102) exceeded £60,000 was:

	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>
	<b>No.</b>	<b>No.</b>
£60,001 to £70,000	1	2
£90,001 to £100,000	-	1
£130,001 to £140,000	-	1
	<u>1</u>	<u>4</u>

The average weekly number of staff employed during the period was:

	<b>Group &amp; Charity</b>	
	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>No.</b>	<b>No.</b>
Teaching and support staff	<u>20</u>	<u>24</u>

Included within termination payments are statutory redundancy payments of £8,489 (period ended 31 December 2017: £5,141) and discretionary ex-gratia payments of £4,005 (2017: £43,400).

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**13 Teachers' pension scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million;
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1% The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period (including holiday pay accruals under FRS102) amounted to £83,490.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

**14 Intangible fixed asset - goodwill**

The carrying amounts for goodwill arising on the purchase of the entire share capital of Hartford Investments Ltd (see note 16) is as follows:

	<b>Group</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>
Additions in the year	2,699,304	-
Amortisation charge for the year	(539,861)	-
	<u>2,159,443</u>	<u>-</u>



**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**15 Tangible fixed assets**

	<b>Group</b>				
	<b>Freehold land &amp; buildings</b>	<b>Premises improvements</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 Jan 2018	250,000	323,634	186,111	-	759,745
Additions	33,200	38,783	34,962	1,505,240	1,612,185
Disposals	-	-	(802)	-	(802)
At 31 Dec 2018	<u>283,200</u>	<u>362,417</u>	<u>220,271</u>	<u>1,505,240</u>	<u>2,371,128</u>
<b>Depreciation</b>					
At 1 Jan 2018	10,250	109,248	89,170	-	208,668
Charge for year	3,000	51,482	56,405	-	110,887
Disposals	-	-	(378)	-	(378)
At 31 Dec 2018	<u>13,250</u>	<u>160,730</u>	<u>145,197</u>	<u>-</u>	<u>319,177</u>
<b>Net book value</b>					
At 31 Dec 2018	<u>269,950</u>	<u>201,687</u>	<u>75,074</u>	<u>1,505,240</u>	<u>2,051,951</u>
At 31 Dec 2017	<u>239,750</u>	<u>214,386</u>	<u>96,941</u>	<u>-</u>	<u>551,077</u>

	<b>Charity</b>				
	<b>Freehold land &amp; buildings</b>	<b>Premises improvements</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 Jan 2018	250,000	323,634	182,699	-	756,333
Additions	33,200	-	16,893	19,527	69,620
Disposals	-	-	(802)	-	(802)
At 31 Dec 2018	<u>283,200</u>	<u>323,634</u>	<u>198,790</u>	<u>19,527</u>	<u>825,151</u>
<b>Depreciation</b>					
At 1 Jan 2018	10,250	109,248	87,296	-	206,794
Charge for year	3,000	48,545	53,421	-	104,966
Disposals	-	-	(378)	-	(378)
At 31 Dec 2018	<u>13,250</u>	<u>157,793</u>	<u>140,339</u>	<u>-</u>	<u>311,382</u>
<b>Net book value</b>					
At 31 Dec 2018	<u>269,950</u>	<u>165,841</u>	<u>58,451</u>	<u>19,527</u>	<u>513,769</u>
At 31 Dec 2017	<u>239,750</u>	<u>214,386</u>	<u>95,403</u>	<u>-</u>	<u>549,539</u>

Included within freehold land and buildings for the Charity and the Group is land of £133,200 (31 December 2017: £100,000) which has not been depreciated. Assets under construction for the Group include £1,485,713 in respect of Hartford Manor, on which lending of £2,399,580 has been secured, see note 20.



**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**16 Investments**

	Charity		
	Quanto Enterprise Ltd	Hartford Investments Ltd	Total
Cost or valuation	£	£	£
At 1 Jan 2018	2	-	2
Additions	-	2,316,779	2,316,779
At 31 Dec 2018	2	2,316,779	2,316,781
<b>Impairment</b>			
At 1 Jan 2018	-	-	-
Charge for year	-	1,413,925	1,413,925
At 31 Dec 2018	-	1,413,925	1,413,925
<b>Carrying amount</b>			
At 31 Dec 2018	2	902,854	902,856
At 31 Dec 2017	2	-	2

The Charity owns 100% of the share capital of Quanto Enterprise Limited, a company registered in England and Wales. Quanto Enterprise Limited undertakes general trading in order to raise funds for the Charity. For the year ended 31 December 2018 Quanto Enterprise Limited had the following results:

	Year ended 31 Dec 2018	17m ended 31 Dec 2017 (* re-stated, see note 6)
	£	£
Trading income	547,166	593,592
Trading costs	(343,210)	(265,532)
Premises costs	(13,420)	(7,595)
Administrative costs	(21,336)	(43,486)
Depreciation and loss on disposal	(5,921)	(1,609)
Finance costs	(370)	-
Legal and professional fees	(6,538)	(2,278)
Donation to Mereside Education Trust	(165,000)	(151,781) *
Net (loss) / profit	(8,629)	121,311 *
<b>Assets</b>	234,339	153,365
<b>Liabilities</b>	(121,129)	(31,526) *
<b>Net assets</b>	113,210	121,839 *
<b>Called up share capital</b>	2	2
<b>Retained earnings</b>	113,208	121,837 *
<b>Capital and reserves</b>	113,210	121,839 *

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**16 Investments (continued)**

The beneficial ownership of the entire share capital of Hartford Investments Ltd was acquired by Mereside Education Trust on 21 September 2018. Hartford Investments Limited is a company registered in England and Wales which owns Hartford Manor in Northwich, a site for new school premises. The carrying value is based on a valuation by an independent professionally qualified valuer with recent experience in the location and class of the investment property being valued.

For the period from the date of acquisition to 31 December 2018 Hartford Investments Limited had the following results:

	£
Legal and professional fees	(500)
Net loss	(500)
Assets	1,486,766
Liabilities	(1,896,119)
Net assets	(409,353)
Called up share capital	200
Reserves	(409,553)
Capital and reserves	(409,353)

**17 Debtors**

	Group		Charity	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
				(* re-stated, see note 6)
<b>Due within one year:</b>	£	£	£	£
Trade debtors	72,806	50,423	59,098	38,312
Amounts due from subsidiary co.	-	-	-	-
Other debtors	754	6,403	-	-
Prepayments and accrued income	37,372	2,926	26,604	1,018
	<u>110,932</u>	<u>59,752</u>	<u>85,702</u>	<u>39,330</u> *

	Group		Charity	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
<b>Due after more than one year:</b>	£	£	£	£
Amounts due from subsidiary co.	-	-	1,895,619	-

Amounts due from subsidiary companies after more than one year comprise an interest free loan made by Mereside Education Trust to Hartford Investments Ltd under the terms of a share purchase agreement on 21 September 2018. Income from subsidiaries (note 6) and additions to Hartford Investments Ltd (note 16) include £26,328 (2017: £nil) in respect of concessionary interest on this loan.

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

18 Creditors: amounts falling due within one year	Group		Charity	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	£	£	£	£
Loans (see note 20)	1,822,200	65,000	1,767,200	65,000
Trade creditors	80,496	54,231	33,492	39,849
Other creditors	38,318	38,255	21,763	23,061
Accruals and deferred income	193,662	170,176	190,592	168,226
	<u>2,134,676</u>	<u>327,662</u>	<u>2,013,047</u>	<u>296,136</u>

19 Creditors: amounts falling due after more than one year	Group		Charity	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	£	£	£	£
Loans (see note 20)	<u>2,399,580</u>	<u>-</u>	<u>2,399,580</u>	<u>-</u>

20 Loans	Group £	Charity £
At 1 January 2018	65,000	65,000
Loans advanced	4,246,780	4,191,780
Loans repaid	(90,000)	(90,000)
At 31 December 2018	<u>4,221,780</u>	<u>4,166,780</u>

Of the loans advanced in the year and due after more than one year, £2,399,580 was a non concessionary loan secured on the Group's premises, Hartford Manor, see note 15. All other loans were concessionary, unsecured loans with either zero or below market rate interest charges.

21 Deferred income	Group £	Charity £
At 1 January 2018	56,126	56,126
Additions during the year	64,329	64,329
Amounts released to income	(56,126)	(56,126)
At 31 December 2018	<u>64,329</u>	<u>64,329</u>

Deferred income at 31 December 2018 comprises payments on account from students' parents of £28,304 (31 December 2017: £32,378), income received under the Career Advantage Program (see note 22) of £22,000 (31 December 2017: £15,333) and Special Educational Needs Grant income of £14,025 (31 December 2017: £8,415). The sums in respect of the Career Advantage Program and Special Educational Needs Grant have been deferred because they are in respect of the year ending 31 December 2019.

The Mereside Education Trust  
Notes forming part of the financial statements  
for the year ended 31 Dec 2018

22 Summary of fund movements

Group					
	Fund balance b/f £	Income £	Expenditure £	Fund transfers £	Fund balance c/f £
<b>Unrestricted funds</b>					
General fund	427,035	1,851,179	(2,417,482)	662,554	523,286
<b>Restricted funds</b>					
Capital fund	-	662,554	-	(662,554)	-
SEN Fund	-	7,013	(7,013)	-	-
Career Advantage Program	-	26,333	(26,333)	-	-
	-	695,900	(33,346)	(662,554)	-
<b>Total funds</b>	<b>427,035</b>	<b>2,547,079</b>	<b>(2,450,828)</b>	<b>-</b>	<b>523,286</b>

Charity					
	Fund balance b/f (* re-stated, see note 6) £	Income £	Expenditure & investment loss £	Fund transfers £	Fund balance c/f £
<b>Unrestricted funds</b>					
General fund	305,198 *	1,495,341	(2,900,251)	662,554	(437,158)
<b>Restricted funds</b>					
Capital fund	-	662,554	-	(662,554)	-
SEN Fund	-	7,013	(7,013)	-	-
Career Advantage Program	-	26,333	(26,333)	-	-
	-	695,900	(33,346)	(662,554)	-
<b>Total funds</b>	<b>305,198 *</b>	<b>2,191,241</b>	<b>(2,933,597)</b>	<b>-</b>	<b>(437,158)</b>

The Capital fund is used to collect and spend funds obtained for capital purposes. All of the funds receivable in the year have been transferred to the general fund as all were used for the purchase of capital items in the current year.

The Career Advantage Program is a scheme which matches business sponsorship with children at the school, giving parents a deduction from school fees of the sponsored student.

The Special Educational Needs (SEN) Fund receives grant funding from Stockport Metropolitan Borough Council to provide additional teaching staff for a number of qualifying children.

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**23 Analysis of net assets by fund**

	<b>Group</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	4,211,394	-	4,211,394
Current assets	810,123	36,025	846,148
Current liabilities	(2,098,651)	(36,025)	(2,134,676)
Creditors due after more than one year			(2,399,580)
Fund balance	<u>2,922,866</u>	<u>-</u>	<u>523,286</u>

	<b>Charity</b>		
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed assets	1,416,625	-	1,416,625
Current assets	627,200	36,025	663,225
Current liabilities	(1,977,022)	(36,025)	(2,013,047)
Debtors due after more than one year	1,895,619	-	1,895,619
Creditors due after more than one year	(2,399,580)	-	(2,399,580)
Fund balance	<u>(437,158)</u>	<u>-</u>	<u>(437,158)</u>

**24 Related party transactions**

Grant income for the Group and the Charity comprises £643,511 (period ended 31 December 2017: £997,911) from the Focus Learning Trust (Registered Charity number 1099725) who, in addition to providing financial assistance, provides technical support and is therefore in a position to advise upon and influence policies adopted by The Mereside Education Trust.

Fee discounts, including deductions made under the Career Advantage Program (CAP), see note 22, were awarded to Trustees, or their immediate family members as follows:

	<b>Year ended</b>	<b>17m ended</b>
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>£</b>	<b>£</b>
Mr L Baldwin	2,949	5,833
Mr C Lewis	666	-
Mr M Chadwick	1,598	-
M K Devenish	333	1,000
Mr J Hayward	1,701	2,650
Mr M Hutchins	1,000	1,333
Mr N Simpson	5,582	1,317
Mr A Wells	1,000	2,333

Relations of Mr N Simpson (Trustee) are partners in a business which made sales of £nil to Mereside Education Trust in the year ended 31 December 2018 (17 months ended 31 December 2017: £2,575). At 31 December 2018 the Charity owed £nil (31 December 2017: £nil) to this business.

A loan of £440,00 at 31 December 2018 (31 December 2017: 40,000) was from the Manchester Gospel Hall Trust, a charity of which the father and business partner of Mr C Lewis (Mereside Education Trust Trustee) is a Trustee. Further loans of £324,200 outstanding at 31 December 2018 (31 December 2017: £nil) have been made by Trustees, or their immediate family, but have no special terms attached.

**The Mereside Education Trust**  
**Notes forming part of the financial statements**  
**for the year ended 31 Dec 2018**

**25 Post balance sheet event**

On 1 September 2019 the Charity consolidated its activities into the charity OneSchool Global UK (registered charity number 1181301).

**26 Controlling party and ultimate controlling party**

The controlling party and ultimate controlling party of the Charity and the Group is the Board of Trustees of The Mereside Education Trust.