

**MICHAEL HOUSE ASSOCIATION LIMITED**

**A STEINER WALDORF SCHOOL**

A COMPANY LIMITED BY GUARANTEE

**TRUSTEES REPORT  
AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31<sup>ST</sup> AUGUST 2017**

COMPANY NUMBER 515882  
CHARITY NUMBER 527187

**SLANEY & CO  
CHARTERED ACCOUNTANTS  
26 ST JOHN STREET  
MANSFIELD NG18 1QJ**



**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31<sup>ST</sup> AUGUST 2017**

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## MICHAEL HOUSE ASSOCIATION LIMITED TRUSTEES ANNUAL REPORT 2016-2017

The Trustees, who are also directors for the purposes of Company Law, present their report and the unaudited financial statements of the charity for the year ended 31<sup>st</sup> August 2017.

### REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity name	Michael House Association Limited
Charity registration number	527187
Company registration number	515882
Principal & registered office	The Field, Shipley, Derbyshire, DE75 7JH

### TRUSTEES

- P. A. Faustino (appointed 4<sup>th</sup> June 2017)
- M. J. Conroy (appointed 12<sup>th</sup> December 2016)
- I. M. Duffy (appointed 17<sup>th</sup> June 2016)
- R. A. Sisson (appointed 26<sup>th</sup> April 2016)
- J. A. Tipper (appointed 23<sup>rd</sup> March 2016)
- J. R. Shaw (appointed 24<sup>th</sup> November 2015, resigned 14<sup>th</sup> July 2017)
- N. R. Gamble (appointed 17<sup>th</sup> June 2013, resigned 12<sup>th</sup> October 2016)

### ACCOUNTANTS / INDEPENDENT EXAMINERS

Slaney & C<sup>o</sup>. Chartered Accountants  
26 St. John Street,  
Mansfield,  
Nottingham  
NG18 1QJ

### BANKERS

HSBC Bank plc  
63 Bath Street  
Ilkeston  
Derby  
DE7 8DD

The Co-operative Bank plc  
PO Box 250  
Delf House  
Southway  
Skelmersdale  
WN8 6WT

## OBJECTIVES AND ACTIVITIES

- **PURPOSE**

As per the Memorandum of Association, the principal activity during the 2016-2017 school year continued to be to provide for and conduct the education of children in line with the principles and methods enunciated by Rudolf Steiner.

- **PUBLIC BENEFIT**

The Trustees of Michael House Association Limited confirm that due regard has been paid to the Charity Commission's guidance on public benefit in deciding to undertake the activities below and all other activities this year. These activities support the Association's stated aim of providing Steiner education for children.

Throughout the year, the Association has sought to provide a Steiner education to as wide a range of children as possible regardless of their family's financial circumstances so providing as much benefit as possible within the constraints of the resources available. This continues to be illustrated by the number of children on assisted fees.

However, the current financial difficulties demonstrate that it would be even less sustainable than before for the school to now provide a greater number of assisted places or reduce its standard fees from the current levels.

The Trustees support the active promotion of use of the school's facilities for public benefit, which has resulted in some hires of the school hall.

The Trustees consider that these factors demonstrate that the opportunity to benefit from the education provided under the aims of the Association is not unreasonably restricted, given the financial resources available to the Association.

- **SCHOOL ACTIVITIES**

The School opened for its eighty-third year on 5<sup>th</sup> September 2016, after the usual effort by staff and parents to prepare the school for another academic year. During the year, the school received support from the Steiner Waldorf Schools Fellowship whose advice and guidance is always welcome.

### **a) Festivals**

The Michaelmas festival was celebrated at the end of September 2016 throughout the whole school. The annual Martinmas Lantern Walk (across the school playground, through the woods and back to the school garden where there was a bonfire) took place on 11<sup>th</sup> November 2016 and was attended by many pupils, parents and staff. Candlemas, a celebration of the reawakening of the earth and ourselves, was celebrated at the beginning of January 2017.

There were three Festivals of Work: on 19<sup>th</sup> November 2016, 1<sup>st</sup> April 2017 and 8<sup>th</sup> July 2017. These festivals are a celebration of the diverse hard work and talents of all classes throughout the school, and bring the whole community together.

**b) Fayres**

The Advent Fair was held on the 3<sup>rd</sup> December 2016. This fair remains one of the highlights of the school calendar, not only for pupils, parents and staff, but also for welcoming new visitors from the local community. A total amount of £4,350 was raised at this event.

A "Spring into Spring" Fair took place on 25<sup>th</sup> March 2017. This event was re-introduced in the school fairs calendar and was planned as a celebration of food and gardens. The fair raised £1,410.

On 24<sup>th</sup> June 2017, the school held the "Summer Spectacular" Fair which was attended by many pupils, parents and staff as well as relatives and local people. The outdoor activities coupled with warm weather made for a very pleasant day. The event raised a total of £2,700.

**c) School activities**

As usual, Christmas term finished with the traditional Christmas plays: The Paradise play, The Shepherds play and The Christmas play. A Puppet Show was staged twice: on 1<sup>st</sup> March 2017 and 5<sup>th</sup> April 2017. And the Shakespearian play, "Twelfth Night" took to the stage before the Summer half-term break to rave reviews. Class 8 actors were joined by Class 7 in order to fill all the parts.

Other regular school events included the Advent Spiral, St. Nicholas Day when St Nicholas gives presents to the younger children, the Kindergarten Festival, Maypole Dancing and the School outing which took place on 11<sup>th</sup> July, just before the end of the school year. This year's outings saw the Kindergarten going to Elvaston Castle and the main school going to Monsal Head.

The Class 5 traditional Greek Olympics were once again held at Michael Hall. This is a sort of rite of passage for Class 5 children and a highlight of the year for most UK and many European Steiner schools.

Class 7 and 8 children entered the Bug Hotel Competition at Chatsworth where conditions were so challenging on the day of their visit that the site was closed at lunchtime in case tents blew away!

The School introduced a series of whole school assemblies to enhance our PSHE curriculum which included this year talks on signing and what it's like being deaf, Hinduism, Buddhism, Civil Rights and a talk from Lord Wallace of Tankerness on life in the House of Lords.

Forest School sessions were begun during the year and are now offered on a regular basis.

GCSE examinations were taken by Class 10 pupils in English Literature, English Language, Maths, Art, German and Double Science.

Community work days continued throughout the year bringing repairs, improvements and enhancements to the school and maintenance of the grounds and gardens. These days provide valuable support to the school by families and other people involved.

#### **d) Open events**

The school hosted a "Series of Rudolf Steiner Introductory Talks" where guests speakers have come to talk about Anthroposophy, Biodynamics, Health & Medicine and Education. These talks were open to the community, on making a donation and were well attended.

On 14<sup>th</sup> June 2017, a wonderful performance of Eurythmy was given by the professional Midlands Eurythmy group. They performed a number of short pieces accompanied by live musicians in the School Hall both for pupils and then for a wider audience of adults in the evening.

A new initiative has been introduced into the school's calendar: the Children's Nearly New Sale. This provides a place to buy pre-loved children's clothes & toys, nursery equipment and many other quality items with much life in them yet. 30% of the sale price goes to support the school and there is now one a term in the School calendar.

The school once again, held a stall at the Woodland Festival, Elvaston Castle. This was a great opportunity to showcase the pupils' work and publicise the Steiner education offered at Michael House. The school also catered at the Weleda Open Day as a fundraiser.

#### **e) Trips**

Class 9 this year met up with colleagues from Drumduin school near Forres on a trip to Orkney. This involved a self inspired project for the 6 pupils involved and combined an examination of the archaeological artifacts on the islands as well as the Geography and Geomorphology of the area.

The Class 8 trip this year was to Athens where the class sampled Greek ruins, Greek food and included a visit to the beach.

Younger classes engaged in a number of day trips during the year.

#### **f) Recurring activities**

The Association Annual General Meeting was held on 18<sup>th</sup> November 2016.

Open Days and Guided Tours continued to be held at the school on a monthly basis. These initiatives have proven successful in terms of attracting new families to the school.

Other recurring activities included the Gardening Club, the Adult Choir and Friday Teas (a weekly family meet up in the school kitchen). This raised just over £1000 in the school year.

### **ACHIEVEMENTS AND PERFORMANCE**

- **SIS inspection and re-inspection**

A SIS inspection took place on 24<sup>th</sup> and 25<sup>th</sup> January 2017. The main school was classed 'inadequate' due to failings of varied nature, whilst the early years provision

received a 'good' overall. The inspectors found that the School had failed on 25 of the Independent Schools Standards. An Action Plan was immediately drawn up to address the issues flagged by the inspection report and to improve the sub-standard points. The plan was then implemented by the School Manager, all staff and Trustees in the expectation that there would be an unannounced progress monitoring inspection before the end of the summer term. This inspection was carried out on 28<sup>th</sup> and 29<sup>th</sup> June. The school was deemed to have met all Independent School Standards (except one – provision of showers). This quick and successful recovery by the school was complimented by the inspectors who were in charge of both the first inspection and the re-inspection. The school was commended for having made the transformation necessary in a five month period.

• **Management restructuring**

During this academic year, the school has been successful at:

- ❖ Restructuring the management of the school (from an Associative Leadership model to one centred on the School Manager);
- ❖ Recruitment of a School Manager and implementation of the School Improvement Plan;
- ❖ Launching a Crowd-funding campaign and raising £1900;
- ❖ Strengthening the school's Collegiate body;
- ❖ Providing increasing professional development opportunities for all staff – the highlight of the year was the Steiner Waldorf Easter Conference, which was attended by 7 members of staff who returned re-invigorated to the school.

• **Academic review**

Our GCSE options were English Literature, English Language, Maths, Art, German and Double Science.

Our academic results

<b>Year</b>	<b>N° of Eligible Students</b>	<b>% achieving 5 or more GCSE Grades A*-C (including Maths &amp; English)</b>	<b>All England % achieving 5 or more GCSE Grades A*-C (including Maths &amp; English)</b>
2010	6	83%	53%
2011	9	67%	58%
2012	11	91%	59.4%
2013	10	60%	58.6%
2014	12	75%	53.4%
2015	9	67%	64.9%
2016	9	22%	66.9%

From 2016 onwards the grading of GCSEs changed from A\*, A, B, C ... to a scale from 1 – 9 with 9 being the top grade. In the table below the new grades are shown in parentheses.

Year	No of Eligible Students	% achieving C (4) or above	% achieving A-A* (7-9)	% achieving 5 GCSEs A*-C (4-9) including Maths and English
2017	6	44.7	18.4	33

• **Future Plans**

During the next academic year, the school will be focusing on:

- ❖ The continuation of the program to raise pupil numbers and develop a strategy to ensure future sustainability;
- ❖ The continuation of the program to raise funds through other means, including Friends of Michael House School;
- ❖ The continuing monitoring of the performance of staff and management of any deficits in this;
- ❖ The continuation of the extension of professional development opportunities for all staff;
- ❖ The aim of becoming a good to outstanding school at the time of the next school inspection;
- ❖ The sale of land in order to generate investment funds as well as reserves;
- ❖ The setting up of a third Kindergarten on site.

**FINANCIAL REVIEW**

• **Financial position at the end of the period**

The financial position of the Association is shown in the accompanying Statement of Accounts and Notes.

Overall income was relatively unchanged showing a small increase of £3330 (2015-2016: £530636; 2016-2017: £533966). There was a drop in income from charitable activities of £48091 (2015-2016: £471532; 2016-2017: £423441) that was offset by an increase in donations of £50216 (2015-2016: £49009; 2016-2017: £99225).

Income from fund raising activity, based on exact figures (2016: £10001; 2017: £11191) was 12% up on the previous year.

The significant increase in voluntary donations is attributable in the main to a single parent benefactor. The increase in pupil numbers while showing a modest increase has not increased sufficiently to remove dependency on this benefactor. A school rationalisation plan was devised during the summer term to cut costs. The main element of this plan is to combine classes throughout the school (Class 1/2, Class 3/4, Class 5/6, Class 7/8). This plan is also beneficial pedagogically due to the improved dynamic in larger classes.



In summary, operation resulted in a net loss of £9984 which includes depreciation at £13,175 and loan interest of £5853.

- **Reserves**

Total reserves, as at 31<sup>st</sup> August 2017, were £202,697 being the value of tangible assets & cash in the bank after application of future debts to be repaid to, and future credits to be paid out by the Association.

Fixed (tangible) assets were £198,390 (historic cost £571,088 less depreciation of £209,210 a net value of £361,878 less secured mortgage of £163,488); the investment at cost of £3,701 together with £7,697 held as cash and funds at the bank. Debts owed to the Association (£23,758) less credits to be paid out (£30,849) left £7,091 net credits owed by the Association. The aggregate of these four amounts gives the total reserves figure of £202,697.

Reserves are required to provide contingency ensuring continuation of current activities together with enabling development towards medium and long term aims (current operation taking priority).

It is the aim of our reserves policy that the school's cash reserves should, ideally, be equal to one term's running costs. As part of our plans for improving the sustainability of the school, we aim to rebuild our reserves over a number of years, to a level that will provide appropriate funds, suitable for supporting the operation of the school over one whole term.

- **Going concern**

The school continued to operate at a small deficit and is supported by the ongoing generosity of a parent benefactor. The school has combined classes throughout the main school to help address costs and to increase the class sizes to a healthy number. This has helped to a small degree but further options need to be considered. Michael House has a thriving Nursery and Kindergarten and the opening of a third kindergarten would help bring in additional revenue as well as feeding new pupils into the main school.

Ultimately, the school has net assets due to the value of the land and buildings, some of which is not used, and so can continue to meet its current financial obligations and to build up cash reserves in the future.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Michael House Association Limited is a charitable company limited by guarantee, which is governed by its Memorandum & Articles of Association.

• **TRUSTEES**

The Board of Trustees (the Board) is an elected body responsible for the legal and financial workings of the Michael House Association Limited, and hence the school, in accordance with the principles set out by the Charity Commission. It is responsible for

ensuring effective governance is applied in the operation of the school. It has responsibility for finance, development and management of assets and is also responsible for ensuring that the operation of Michael House Association Limited complies with legislative requirements.

The Trustees (who are also directors of Michael House Association Limited for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year, which are 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 these financial statements, the Trustees are required to:

- ❖ Select suitable accounting policies and apply them consistently;
- ❖ Observe the methods and principles of the Charities SORP;
- ❖ Make judgements and estimates that are reasonable and prudent;
- ❖ State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ❖ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation;
- ❖ Comply with the duty of Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees 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.

• **ORGANISATIONAL STRUCTURE**

The Associative Leadership management model was replaced by a new management and governance structure: the School Management Team was disbanded, and the post of School Manager was defined. This was put forward in the School Improvement Plan, which was produced by Ron Waddell and delivered to the Trustee body in September 2016. It was then detailed into a Business Plan. Both the School Improvement Plan and the Business Plan were agreed at a joint meeting by Trustees and Collegiate in October 2016. A new constitution was rewritten (version 4.0) on 6 December 2016 and the post of School Manager was advertised. Ron Waddell was appointed as School Manager at the end of December 2016.

**Michael House Association Limited**

Company Number 515882

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According to the restructuring the School Manager takes the lead role in strategic decision making within the school, fund-raising, business development opportunities and parent liaison. Indeed, the School Manager acts as a single point of accountability for ensuring the school meets its educational, safety, financial and statutory requirements. He is also present at all Collegiate meetings and is directly accountable to the Trustees.

As a Steiner Waldorf School, Michael House also has a Collegiate, a staff body which ensures that the Steiner Waldorf ethos remains at the heart of all school activity. The Collegiate delegated responsibility for pedagogical matters.

The Council of Management supports the activities above and the running the school.

Effective running of the school cannot be achieved without the active support of other groups established across the school, including parents from the wider community.

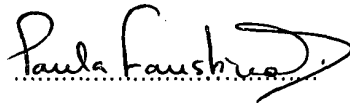
**Registered Office:**

**Signed**

The Field, Shipley

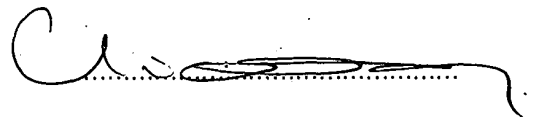
Derbyshire, DE757JH

P. FAUSTINO



(Trustee)

- 30/05/18



Michael Conroy - 30/05/18  
(Trustee)

**Independent examiner's report to the trustees of Michael House Association Limited**

I report on the accounts of the Charitable Company set out within this statement, on pages 13 to 21.

**Respective responsibilities of trustees' and examiner**

The charity's trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having established that the company is not subject to audit under company law and is eligible for an independent examination it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5) of the 2011 Act and
- state whether particular matters have come to my attention.

**Basis of independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

**Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with s386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (RFS102 SORP) have not been met or;

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Date ..... 30/05/2018

Signed ..... 

Name of principal: Mr C G H Jubb

Name of firm: Slaney & Co.

Relevant professional qualification or body: Chartered Accountant (ICAEW)

Address: 26 St John Street, Mansfield, Notts, NG18 1QJ

a company limited by guarantee

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE  
INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED  
31ST AUGUST 2017**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generating funds:					
Voluntary income	2	98,975	250	99,225	49,009
Activities for generating funds	3	11,191	-	11,191	10,001
Investment Income	4	109	-	109	94
Incoming resources from charitable activities	5	<u>423,441</u>	<u>-</u>	<u>423,441</u>	<u>471,532</u>
<b>TOTAL INCOMING RESOURCES</b>		<u>533,716</u>	<u>250</u>	<u>533,966</u>	<u>530,636</u>
<b>RESOURCES EXPENDED</b>					
Charitable activities	6	( - 527,909 )	( - )	( - 527,909 )	( - 507,379 )
Governance costs	8	( - 16,041 )	( - )	( - 16,041 )	( - 10,011 )
<b>TOTAL RESOURCES EXPENDED</b>		<u>( - 543,950 )</u>	<u>-</u>	<u>( - 543,950 )</u>	<u>( - 517,390 )</u>
NET INCOMING / (OUTGOING) RESOURCES FOR THE YEAR / NET INCOME / (EXPENDITURE) FOR THE YEAR					
RECONCILIATION OF FUNDS		( - 10,234 )	250	( - 9,984 )	13,246
Total funds brought forward		<u>210,656</u>	<u>2,025</u>	<u>212,681</u>	<u>199,435</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>200,422</u>	<u>2,275</u>	<u>202,697</u>	<u>212,681</u>

All of the above amounts relate to continuing activities.

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

The notes on pages 15 to 21 form part of these financial statements.

## Michael House Association Limited

Company Number 515882

Charity Number 527187

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### BALANCE SHEET AS AT 31ST AUGUST 2017

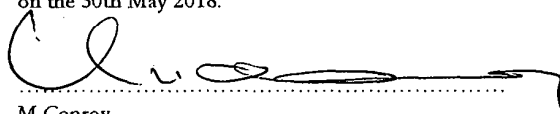
	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>FIXED ASSETS</b>					
Tangible assets	11	361,878	-	361,878	375,053
Investments	12	<u>3,701</u>	<u>-</u>	<u>3,701</u>	<u>3,701</u>
		<u>365,579</u>	<u>-</u>	<u>365,579</u>	<u>378,754</u>
<b>CURRENT ASSETS</b>					
Debtors	13	23,758	-	23,758	24,570
Cash at bank and in hand		<u>2,422</u>	<u>5,275</u>	<u>7,697</u>	<u>16,598</u>
		<u>26,180</u>	<u>5,275</u>	<u>31,455</u>	<u>41,168</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	( <u>34,969</u> )	( <u>250</u> )	( <u>35,219</u> )	( <u>40,753</u> )
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		( <u>8,789</u> )	<u>5,025</u>	- <u>3,764</u>	( <u>415</u> )
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>356,790</u>	<u>5,025</u>	<u>361,815</u>	<u>379,169</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	( <u>156,368</u> )	( <u>2,750</u> )	( <u>159,118</u> )	( <u>166,488</u> )
<b>NET ASSETS</b>		<u>200,422</u>	<u>2,275</u>	<u>202,697</u>	<u>212,681</u>
<b>FUNDS</b>					
Unrestricted income funds	17	200,422	-	200,422	210,656
Restricted income Funds	17	<u>-</u>	<u>2,275</u>	<u>2,275</u>	<u>2,025</u>
<b>TOTAL FUNDS</b>		<u>200,422</u>	<u>2,275</u>	<u>202,697</u>	<u>212,681</u>

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements, which have been prepared in accordance with special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved by the Trustees on 30th May 2018 and signed on the 30th May 2018.



M Conroy  
Trustee  
On behalf of the Trustees

The notes on pages 15 to 21 form part of these financial statements.

# Michael House Association Limited

Company Number 515882.

Charity Number 527187

a company limited by guarantee

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

### 1 ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard (FRS102 s.1A), the Statement of Recommended Practice on Accounting and Reporting (FRS102 SORP) and in accordance with the provisions applicable to companies subject to the small companies regime under the Companies Act 2006.

#### **Cash flow statements**

The trustees have taken advantage of the exemption in Financial Reporting Standard No1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

#### **Fund Accounting**

**Restricted funds** are funds, which are to be used in accordance with specific restrictions imposed by the donor or trust deed. There are currently a number of small restricted funds.

**Unrestricted income funds** comprise those funds, which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds can include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Further details of restricted funds are disclosed in note 17.

#### **Incoming Resources**

##### Donations, legacies and similar incoming resources

These are included in the Statement of Financial Activities (SOFA) when:

- a) the charity becomes entitled to the donation, legacy or similar income and any conditions for receipt are met;
- b) the trustees are reasonably certain they will receive it; and
- c) the trustees are reasonably certain that the value can be reliably measured.

Investment Income: and any associated Tax Credits are included when receivable.

#### **Expenditure and Liabilities**

##### Liability Recognition, resources expended

Generally liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to the category.

Charitable Activities: these costs comprise salaries, establishment and school overheads.

Governance Costs: comprise all separately identifiable cost involving the public accountability of the charity and its compliance with regulation and good practice. The costs include the compilation costs of the Accounts under FRS 102 SORP and bank loan interest and charges.

#### **Fixed Assets**

All fixed assets are initially recorded at cost, where the individual value exceeds £600, and they have an economic life of more than one year.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land	-	Not depreciated
Buildings	-	2% straight line basis
School furnishings and equipment	-	15% on reducing balance
Building improvements	-	5% straight line basis
Nursery establishment	-	20% straight line basis
Computer equipment	15	- 20% straight line basis

# Michael House Association Limited

Company Number 515882

Charity Number 527187

a company limited by guarantee

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

### Operating Lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Pension costs

The company operated a defined contribution pension scheme for employees which was closed to new members from 1st January 2009 (see note 16). The assets of the scheme are held separately from those of the company. The annual contributions payable are charges to the statement of financial activities.

A separate defined contribution pension scheme (with Scottish Equitable) commenced in 2010.

### COMPANY LIMITED BY GUARANTEE

Michael House Association Limited constituted as a company limited by guarantee (Company Registration No. 515882) and is a charity registered for charitable purposes with the Charity Commission (Charity Registration No. 527187).

### LIABILITY OF MEMBERS

In the event of the Association being wound up during the period of membership or within the year following, the company members are required to contribute an amount not exceeding £1 each.

### 2 VOLUNTARY INCOME

	Restricted Funds £	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Donations				
Gifts and Donations	-	98,975	98,975	48,759
Grants - training		-	-	-
Deferred income - Green grant for lights	250	-	250	250
	<u>250</u>	<u>98,975</u>	<u>99,225</u>	<u>49,009</u>

Grant income for lights, deferred over same period as asset depreciated.

### 3 INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Fundraising events	11,191	11,191	10,001

### 4 INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Bank Interest receivable	2	2	1
Dividends received on Depository receipts	107	107	93
	<u>109</u>	<u>109</u>	<u>94</u>

### 5 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
School fees	423,441	423,441	471,532



# Michael House Association Limited

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

### 6 COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Restricted Funds £	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Michael House School	0	527,909	527,909	507,379

### 7 COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Total Funds 2017 £	Total Funds 2016 £
Michael House School	527,909	527,909	507,379

### 8 GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
School and nursery inspection	6,900	6,900	-
Accountancy and Independent Examiners fees	3,170	3,170	3,748
Bank charges	38	38	94
Loan arrangement fee	80	80	80
Loan Interest	5,853	5,853	6,089
	<u>16,041</u>	<u>16,041</u>	<u>10,011</u>

One Trustee, only, has claimed and been paid expenses in the year, for travel costs to third party suppliers, totalling £132 (2016: £232).

### 9 NET OUTGOING RESOURCES FOR THE YEAR

	2017 £	2016 £
This is stated after charging:		
Staff Pension contributions	31,127	36,930
Depreciation	13,175	13,370

### 10 STAFF COSTS AND EMOLUMENTS

	2017 £	2016 £
Total staff costs were as follows:		
Wages and salaries	327,298	333,727
Social Security Costs	10,691	10,249
Other pension costs	31,127	36,930
All staff costs relate to the main charitable activity	<u>369,116</u>	<u>380,906</u>

	2017 No	2016 No
Particulars of employees		
Average number of staff	<u>34</u>	<u>34</u>

No employee received emoluments of more than £60,000 during the year (2016 - NIL).

a company limited by guarantee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST AUGUST 2017

**11 TANGIBLE FIXED ASSETS**

	Land and Buildings	Building Improvements	Nursery Establishment	Computer Equipment	School Furnishings and Equipment	Total
	£				£	£
<b>COST</b>						
At 1st September 2016	318,307	171,320	2,668	9,006	69,787	571,088
Additions	-	-	-	-	-	-
At 31st August 2017	318,307	171,320	2,668	9,006	69,787	571,088
<b>DEPRECIATION</b>						
At 1st September 2016	63,436	58,836	2,668	8,686	62,409	196,035
Charge for the year	3,183	8,566	-	319	1,107	13,175
At 31st August 2017	66,619	67,402	2,668	9,005	63,516	209,210
<b>NET BOOK VALUE</b>						
At 31st August 2017	251,688	103,918	-	1	6,271	361,878
At 31st August 2016	254,871	112,484	-	320	7,378	375,053

The land and buildings are likely to have a market value considerably in excess of their historic cost, as they are unique assets it has not been possible to quantify this value at the year end.

Included above are assets with a net book value of £355,606 which are security for the bank loan in notes 14 and 15.

**12 INVESTMENTS**

	2017 £	2016 £
Historic cost at 31st August 2017 (Market value is not available)	3,701	3,701
Analysis of investments at 31st August 2017 between funds		
	Total Funds 2017 £	Total Funds 2016 £
Dutch bank - Unlisted investment at historic cost	3,701	3,701

**13 DEBTORS**

	2017 £	2016 £
Trade debtors	12,373	8,465
Other debtors	353	177
Prepayments	11,032	15,928
	23,758	24,570

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

14 CREDITORS: Amounts falling due within one year	2017	2016
	£	£
Trade creditors	14,257	17,270
Accruals and deferred income	13,592	16,358
Mortgage secured on freehold premises	7,120	6,875
	34,969	40,503

15 CREDITORS: amounts falling due after more than one year	2017	2016
	£	£
Deferred income (Restricted fund)	2,750	3,000
Mortgage secured on freehold premises	156,368	163,488
	159,118	166,488

At the current rate of repayment the mortgage matures after more than 5 years from the balance sheet date. The mortgage outstanding at the end of the year is £163,488 (2016 £170,363) and include instalments due after more than five years of £125,375 (2016 £133,454).

### 16 PENSIONS

- The charity provides a pension scheme providing benefits based on final pensionable pay. The fund was closed to new members from 1st January 2009.
- The assets of the scheme are held separately from those of the charity, being invested as part of the Mercury Provident Pension Scheme. This is a Multi Employer Scheme. Because of the large number of participating employers and the variety of their financial reporting dates, it is not deemed practicable or financially viable to produce the information necessary to allow participating employees to comply full with the requirements of Financial Reporting Standard 17. Therefore in accordance with FRS17 the contributions are accounted for as a defined contribution scheme.
- The latest triennial valuation was at 31 March 2016 which indicated a past services deficit of £19.94m for the scheme overall, the share applicable to Michael House Association limited was £487,000.

### 17 FUNDS

	Balance at 01.09.16	Incoming resources	Outgoing resources	Balance at 31.08.17
	£	£	£	£
Restricted Income Funds (see below)	2,025	250 (	- )	2,275
Unrestricted Income Funds	210,656	533,716 (	- 543,950 )	200,422
	212,681	533,966 (	- 543,950 )	202,697

#### Restricted Income Funds

Fund Name:	Fund Balance Brought forward	Incoming resources	Deferred Income	Outgoing resources	Fund Balance carried forward
	£	£	£	£	£
Green Grant for lights	1,750	250	-	-	2,000
Supper for Seats	275	-	-	-	275
	2,025	250	-	-	2,275

The above amounts are a summary of the results of donations made to the school in past years, the income and expenditure this year and the balance carried forward.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST AUGUST 2017

### 17 FUNDS (CONTINUED)

The Restricted Income Funds amounts are not regarded as "material" and are therefore not shown separately in the Statement of Financial Activities as to do so would incur costs out of proportion to the benefits to the School and to users of these Accounts. Materiality is set out in the Glossary of the SORP as "the final test of what information should be given in a particular set of accounts. An item of information is material to the accounts if its misstatement or omission might reasonably be expected to influence the economic decisions of users of those accounts, including their assessments of stewardship. Immaterial information will need to be excluded to avoid clutter which impairs the understandability of other information provided".

### 18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets	Investments	Net Current Assets (Liabilities)	Total
	£	£	£	£
Restricted Funds:	-	-	2,275	2,275
Unrestricted Income Funds:				
Designated Funds	361,878	-	( - 156,368 )	205,510
General Funds	-	3,701	( - 8,789 )	( - 5,088 )
	361,878	3,701	( - 162,882 )	202,697

The designated funds represent those funds invested into tangible fixed assets and the associated mortgage secured on the freehold premises.

### 19 RELATED PARTY TRANSACTIONS

	2017	2016
	£	£
<b>N Gamble</b>		
Trustee (Director) - resigned 12/10/16		
Granddaughter is a fee-paying pupil at the school		
Transactions in the year - fees invoiced whilst a Trustee	1679	5036
Amount due from the related party	-	-
<b>I M Duffy</b>		
Trustee (Director) - appointed 17th June 2016		
Son is a fee-paying pupil at the school		
Transactions in the year - fees invoiced whilst a Trustee	5516	5036
Amount due from the related party	-	-
<b>M Conroy</b>		
Trustee (Director) - appointed 12th December 2016		
Two daughters are fee-paying pupils at the school		
Transactions in the year - fees invoiced whilst a Trustee	7087	-
Amount due from the related party	-	-
<b>P Faustino</b>		
Trustee (Director) - appointed 14th June 2017		
Daughter is a fee-paying pupil at the school		
Transactions in the year - fees invoiced whilst a Trustee	672	-
Amount due from the related party	548	-

**Michael House Association Limited**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31ST AUGUST 2017

**20 OTHER FINANCIAL COMMITMENTS**

	2017	2016
	£	£
Total future minimum payments under non-cancellable operating leases	<u>4311</u>	<u>4927</u>