

THE MALL SCHOOL TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

Company number 02036538
Charity number 295003



THE MALL SCHOOL TRUST
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FOR THE YEAR ENDED 31 AUGUST 2018

CONTENTS	Page
Governors, Officers and Advisors	1
Governors' Report	2-7
Independent Auditor's Report	8-9
Statement of Financial Activities	10
Balance Sheet	11
Statement of Cash Flows and Notes	12-13
Notes to the Financial Statements	14-23

THE MALL SCHOOL TRUST

GOVERNORS, OFFICERS AND ADVISORS

FOR THE YEAR ENDED 31 AUGUST 2018

Governors

The school Governors who are the Charity Trustees and also Directors of the Company who served during the year and since as indicated are:

Mr R J H Walker (Chair)
Mrs T Collett
Mrs K Mahajan
Mrs C L P Smith
Mr J O Morris
Dr D Clark

Key Management Personnel

Headmaster	Mr D C Price
Bursar	Mr G Jones

Auditors	haysmacintyre, 10 Queen Street Place London EC4R 1AG
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Bankers	Lloyds Bank, Twickenham Branch
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THE MALL SCHOOL TRUST

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Governors of The Mall School Trust present their annual report for the year ended 31 August 2018 under the Charities Act 2011, including the Directors' and Strategic Reports, under the Companies Act 2006, together with the audited financial statements for the year.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Mall School Trust is constituted as a company limited by guarantee registered in England, Company No. 02036538, and is registered with the Charity Commission under Charity No. 295003. Details of the members of the Governing Body, together with the School's officers and principal advisors are given on page 1.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles, last amended on 1 March 2006.

Governing Body

The Governors, who are also required under the Articles to serve as members of the Company, are elected at a full Governors' Meeting on the basis of the Governor's specification concerning eligibility, personal competence, specialist skills and local availability, and on recommendation from the Headmaster on the same basis. At each Annual General Meeting the nearest number to one fifth of the total governors retire and are eligible for re-election. The governors to retire each year are those who have been longest in office since their last election.

Governor Recruitment, Induction and Training

New Governors are inducted into the working of the School, and also of the Company as a registered charity, including Board Policy and Procedures, and attend professional courses on trustee training.

Organisational Management

The Governors meet as a Board at least three times a year, with additional strategy meetings as required, to determine the general policy of the Company and review its overall management and control, for which they are legally responsible. Sub committees on finance, education, child protection, property, marketing and risk meet regularly and prior to Board meetings to implement the Board's policies.

The day to day running of the School is delegated to the Headmaster and the Bursar, who in turn are supported by other members of the senior leadership team. The Headmaster and Bursar attend all meetings of the Governing Body's Committees.

Remuneration policy for key management personnel is set by the Board, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding them fairly and responsibly for their individual contributions to the Trust's success. The appropriateness and relevance of the remuneration policy is reviewed annually including reference to comparisons with other independent schools to ensure that the Trust remains sensitive to the broader issues of pay and employment conditions elsewhere. We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope to be rewarded for excellence. Delivery of the Company's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Relationships

The Mall School is an active member of the IAPS and the ISBA for the promotion and maintenance of preparatory school standards generally. The Mall also benefits from the generosity of the thriving Mall School Association and current parents.

THE MALL SCHOOL TRUST

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2018

Investment Policy and Objectives

All available retained funds, other than those required for day to day cash management are invested in Fixed Term Deposit with our bankers.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The objects are set out in the Memorandum of Association as the promotion and provision for the advancement of education of children in the United Kingdom and elsewhere.

Aim and Intended Impact

Our aim is to provide an excellent, broad and stimulating education that inspires boys to realise their potential within a safe and nurturing environment.

"Bringing out the best in every boy." We believe that all boys have potential and that it is through inspirational teaching and excellent pastoral care that we can develop this potential. We want our boys to leave The Mall as confident, independent, well-rounded young men ready for the challenges of the next stage of their educational journey. Mall boys are thoughtful in both senses of the word. They have an intellectual curiosity about the world around them but they are also considerate and concerned for the welfare of others.

Objectives for the Year

The Board's main objective continued to be to educate all the School's pupils to at least the same high standard achieved by the School in previous years, so that they will be fully able to benefit from their chosen senior school for the completion of their education in due course. Our strategy for this is to maintain the high standard of teaching, the high teacher-to-pupil ratio, tailoring our services as appropriate in each case to suit individual needs.

STRATEGIC REPORT

Principal Activity

The Mall School Trust's principal activity continues to be to operate as a preparatory school with approximately 300 boys aged 4 – 13 years old.

Public Benefit and Grant-making

The Governors confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the charitable company.

The School supported 8 pupils through its Bursary Scheme and 6 pupils were awarded staff and sibling discounts during the year. The Bursary scheme support, which is available on a needs basis as determined by the Bursar in consultation with the Headmaster, amounted to £81,721 (2016-17: 7 pupils £78,821), not including staff and sibling discounts. The School offers 7+ and 8+ entry as well as 4+ entries. Financial assistance is available at 7+ and later entry through competitive assessment as public benefit to help families who would not otherwise be able to afford a Mall education and to broaden access to the School. These awards and the bursaries available to current parents who experience financial hardship are means tested and reviewed annually.

THE MALL SCHOOL TRUST

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2018

Use of the School pool was provided free of charge or at a subsidised rate to St James's RC Primary, Trafalgar Junior School, Jack and Jill School and Waldegrave Girls' School as part of our partnership links and public benefit with local maintained schools. The Mall provided additional public benefit by offering the theatre facilities to a number of organisations including Richmond Music Trust and Building Blocks Nursery free of charge and Turing House School and Richmond Brass Band at a subsidised rate. A local charity, The Mulberry Centre, held its summer concert in the theatre and members of The Mall staff supported this event raising £800.

Student teachers from St Mary's University undertook teaching practice and examinations at the school. Elderly residents of Sandown Court sheltered housing were invited to attend plays and Christmas productions and the boys went to the home to sing carols.

A number of exam tables were donated to The Matthew Arnold School, and Harvest Festival goods were collected by boys and delivered locally to the Richmond Food Bank.

During the course of the year boys have raised nearly £5,000 in charitable fundraising. The money raised has gone to the Spear charity for the homeless, Book Aid International, the Royal British Legion, Breast Cancer Care and St Catherine's Hospice. As part of the Leavers programme, Year 8 boys developed their own business ideas for the summer fair where they managed to raise over £400 for African Vision, Malawi.

ACHIEVEMENTS AND PERFORMANCE

Operational performance of the School

There were three scholarships awarded by senior schools this year which included two academic scholarships for St Paul's. One boy was awarded a sports scholarship for King's College School, Wimbledon.

All Year 8 boys secured their first choice senior school places either through the scholarship exams or Common Entrance. 59% of the grades awarded by senior schools were either A or A*. Seven boys were awarded book prizes for their academic performance by their senior school.

In September, Year 6 took part in the Junior Citizens day at Bushy Park and two teams of Year 5 and 6 boys took part in South West London science championships where they came first and second and qualified for the national finals.

During the autumn term there were over 100 football matches and eight football tournaments with every boy in Years 4 to 8 having an opportunity to represent the school. The U10 D team had the best of the season where they scored 29 goals with seven wins and only one loss.

Our activities day in October, when normal lessons were suspended, had a science and technology theme where boys took part in activities which involved team work, problem solving and communication.

There were eight concerts this year with more than two hundred individual and group performances. The school has a rock band, samba band, three choirs, three recorder groups, string ensembles, wind band and an orchestra. In the spring term, the Year 4 to 8 choir attended the annual Wellington College prep schools choral day. Nearly every boy from Year 2 and above is learning a musical instrument. 79 boys have taken music exams this year on 15 different instruments gaining 13 merits and 10 distinctions. Five boys have been awarded grade 5 or above and one boy achieved grade 7 with merit in his alto sax exam.

During the first week of the Easter holidays 30 boys and 5 staff went to the French ski resort of Les Deux Alpes.

The school had a good rugby season in the spring term with highlights including the U9 A who won all six of their matches in The Mall festival, and the U11 A who were unbeaten all season.

THE MALL SCHOOL TRUST

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2018

Our swimmers continue to be very successful with our elite squad remaining unbeaten all year. We were yet again borough and independent schools champions in the Richmond Primary Schools, and in the London Championships we finished fourth. The Mall was represented by seven swimmers at the IAPS Swimming finals which this year were held at the Olympic Park with one boy winning silver in the 50m freestyle.

Shakespeare Rock's was this year's senior play and included boys from Years 5 to 8 recreating imagined scenes from the Bard's diary. The performance included some excellent soloists and brilliant performances including wonderfully, wacky witches. Early in the summer term, Year 5 took part in an Orange Tree theatre workshop where they performed excerpts from Macbeth.

In athletics, one boy was awarded a bronze medal in the 1500m at the London Athletics Championships while the Year 7 cross-country team came second at the Danes Hill meeting.

There were more than ten house competitions during the year including spelling, public speaking and activities for Sport Relief.

In cricket, there were nearly fifty fixtures with boys from Years 4 to 8 representing the school. The U11 A team remain unbeaten in their time at the school.

FINANCIAL REVIEW

Results for the year

Net income was £12,077 compared to £74,955 in 2016-17, Pupil numbers reduced slightly from 301 in 2016-17 to 291 in 2017-18 and Governors anticipate short term losses as the school transitions from 13+ to 11+. Bursaries and other discounts increased from 11 to 14 pupils with a financial value of £104,419 (2016-17 - £91,523). Loan payments during the year were £104,576 (2016-17: £121,647).

Reserves level and Policy and Financial Viability

At 31 August 2018, the total funds of the trust were £6,827,619 (31 August 2017 £6,815,542). The Governors will use future surpluses in order to continue the policy of enhancing the educational facilities and services of the school. Free reserves of the school are £877,095 (31 August 2017: £882,862) with the balance of funds tied up in the schools fixed assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors are responsible for the overseeing of the risks faced by the School. Detailed considerations of risk are delegated to the Senior Management of the School. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis. Risk is managed under the headings of strategic, operational, financial, compliance, safeguarding and 11+.

The main risks that the Governors have identified and the plans to manage those risks are:

Reputation

The School's success is built on its reputation for the education and well-being of our pupils. We manage this risk through safeguarding policies, staff recruitment policies, pastoral support for both pupils and staff and active identification and resolution of health and safety related issues.

THE MALL SCHOOL TRUST

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2018

Money

Our ability to continue is reliant on pupil fees and the ability to pay bills as they fall due. This risk is managed by marketing activity, having a reputation for academic excellence and active cash-flow management. Financial controls are overseen by the Finance Committee which meets termly.

Political

The independent school sector is facing a number of political pressures that could challenge the charitable status of independent schools and have a significant effect on our finances. The Finance and Strategy Committees both meet termly and consider the potential risks associated with employer pension contributions (Teachers' Pension Scheme and auto enrolment), imposed VAT on school fees and the removal of existing relief on business rates. The Strategy Committee also explores new ways to demonstrate public benefit.

Curriculum

Academic excellence requires the most able teachers with state of the art facilities delivering the curriculum to able students. We manage this risk by combining attractive salaries with on-going investment in our premises. Academic standards are monitored by the Education Committee and key senior staff.

Through the risk management processes established for the School, the Governors 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.

Future Plans

In 2017, the school announced that it is to move from being a 13+ school to an 11+ school. This move will be completed by September 2020, and the school has undertaken internal and external assessment of the local market and conditions for senior schools which concluded that senior schools are experiencing an increase in demand for places at 11+ driven largely by parents' preferences. In response, the supply of places at 11+ has increased. As an independent prep school, the school will continue to prepare boys for a range of academically selective senior schools and will also continue to offer boys an excellent all-round education with a rich and challenging curriculum with strong pastoral care focused on each boy's happiness and well-being.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The members of the Governing Body (who are also the directors of The Mall School Trust for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the members of the Governing Body to prepare financial statements for each financial year. Under company law the Governing Body members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governing Body members are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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;

THE MALL SCHOOL TRUST

GOVERNORS' REPORT (continued)

YEAR ENDED 31 AUGUST 2018

STATEMENT OF GOVERNORS' RESPONSIBILITIES (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records, which 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 Companies Acts 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

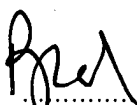
The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

The Governors at the date of approval of this Governors' Report confirm that so far as each of them is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the reappointment of haysmacintyre as auditors to the school will be put into the annual general meeting.

Approved by the Governors at the Governors' meeting on 28 November 2018, including with their capacity as company directors, approving the Governors' and Strategic Report's contained therein and signed on its behalf by:



.....
Mr R J H Walker
Chairman of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MALL SCHOOL TRUST

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of governors for the financial statements

As explained more fully in the governors' responsibilities statement set out on page 6-7, the governors 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 governors 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 governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MALL SCHOOL TRUST

Other information

The governors are responsible for the other information. The other information comprises the information included in the Governor's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governor's Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governor's Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governor's Report (which incorporates the strategic report and the directors' report).

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Young (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
10 Queen Street Place
London

EC4R 1AG

24/05/2019

THE MALL SCHOOL TRUST

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	Unrestricted Total 2018 £	Restricted Total 2018 £	Total Funds 2018 £	Unrestricted Total Funds 2017 £
Income from:					
Charitable activities					
School fees receivable	2	3,580,599	-	3,580,599	3,564,531
Ancillary trading income	3	378,741	-	378,741	299,765
Other trading activities					
Other activities	4	63,510	-	63,510	72,460
Investments					
Bank and other interest	5	7,975	-	7,975	5,250
Voluntary sources					
Grants and donations		-	2,500	2,500	-
Other income		3,675	-	3,675	-
Total income		<u>4,034,500</u>	<u>2,500</u>	<u>4,037,000</u>	<u>3,942,006</u>
Expenditure on:					
Raising funds					
Financing costs	7	18,047	-	18,047	18,214
Charitable activities					
Education	6	4,006,376	500	4,006,876	3,848,837
Total expenditure	6	<u>4,024,423</u>	<u>500</u>	<u>4,024,923</u>	<u>3,867,051</u>
Net income/(expenditure)		10,077	2,000	12,077	74,955
Transfer		- 2,000	(2,000)	-	-
Net movements in funds		<u>12,077</u>	<u>-</u>	<u>12,077</u>	<u>74,955</u>
Fund balances brought forward at 1 September 2017		<u>6,815,542</u>	<u>-</u>	<u>6,815,542</u>	<u>6,740,587</u>
Fund balances carried forward at 31 August 2018		<u>6,827,619</u>	<u>-</u>	<u>6,827,619</u>	<u>6,815,542</u>

The notes on pages 14 to 23 form part of these financial statements.

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE MALL SCHOOL TRUST

Company number: 02036538

BALANCE SHEET**AS AT 31 AUGUST 2018**

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	6,761,199	6,847,931
CURRENT ASSETS			
Debtors	10	973,298	927,085
Cash and deposits		1,974,005	2,065,317
		2,947,303	2,992,402
CURRENT LIABILITIES			
Creditors payable within one year	11	(2,070,208)	(2,109,540)
NET CURRENT ASSETS		877,095	882,862
TOTAL ASSETS LESS CURRENT LIABILITIES		7,638,294	7,730,793
LONG-TERM LIABILITIES			
Creditors payable after one year	12	(810,675)	(915,251)
NET ASSETS		6,827,619	6,815,542
REPRESENTED BY:			
UNRESTRICTED FUNDS			
General Reserve	14	877,095	882,862
Designated Fixed Asset Fund	14	5,950,524	5,932,680
		6,827,619	6,815,542

These financial statements were approved by the Governing Body on 28 November 2018 and were signed on its behalf by:



Mr R J H Walker
Chairman of the Governing Body

The notes on pages 14 to 23 form part of these financial statements.

THE MALL SCHOOL TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	£	2018 £	£	2017 £
Net cash inflow from operations	(i)		236,780		485,472
Cash flows from investing activities:					
Investment income receipts		7,975		5,250	
Payments for tangible fixed assets		(217,119)		(253,304)	
Proceeds from sale of fixed assets		3,675		-	
Net cash used in investing activities			(205,469)		(248,054)
Cash flows from financing activities:					
Net loan payments		(104,576)		(103,432)	
Finance costs paid		(18,047)		(18,214)	
Net cash used in financial activities			(122,623)		(121,646)
Change in cash and cash equivalents in the reporting period			(91,312)		115,772
Cash and cash equivalents of at 1 September 2017			2,065,317		1,949,545
Cash and equivalent at 31 August 2018			<u>1,974,005</u>		<u>2,065,317</u>

The notes on pages 14 to 23 form part of these financial statements.

THE MALL SCHOOL TRUST

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	2018		2017	
	£	£	£	£
(i) Net cash inflow from operations				
Net income		12,077		74,955
Elimination of non-operating cashflows:				
- Investment income	(7,975)		(5,250)	
- Financing costs	18,047		18,214	
- Profit on disposal	(3,675)		-	
Depreciation charge	303,851		290,190	
(Increase)/Decrease in debtors	(46,213)		29,407	
(Decrease)/Increase in creditors	(39,332)		77,956	
		224,703		410,517
Net cash provided from operations		<u>236,780</u>		<u>485,472</u>

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

The accounts have been prepared under the Companies Act 2006 and in accordance with the Charities Statement of Recommended Practice ("SORP (FRS102)") and Financial Reporting Standard 102.

The accounts are drawn up on the historical cost basis of accounting.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

1.1 Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

1.2 Investment income

Investment income from bank balances is accounted for on an accruals basis.

1.3 Donations, legacies, grants and other voluntary incoming resources

Voluntary incoming resources are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to the General Fund. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund.

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1.4 Expenditure

Expenditure is accrued as soon as a liability is considered probable. Resources expended are allocated to the charity's principal activity where the costs can be identified as being directly related to that activity. All costs that cannot be identified as relating directly to the charity's principal activity are categorised as either support costs or governance costs. Any costs that cannot be specifically categorised are allocated in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Grants awarded are expensed as soon as they become legal or operational commitments.

Governance costs comprise the costs of complying with constitutional and statutory requirements.

1.5 Tangible fixed assets

All tangible assets purchased that have an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	-	The swimming pool, over twenty years
	-	All other freehold buildings, over fifty years
Furniture, fittings and equipment	-	over 10 years
Motor vehicles	-	over 5 years
Electronic equipment	-	over 5 years

1.6 Debtors

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

1.7 Cash and Bank

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.8 Creditors and Provisions

Creditors and provisions are recognised where the School has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

1.9 Financial Instruments

The School only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 Fund accounting

The charitable trust funds of the School are accounted for as unrestricted or restricted income, in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded.

Unrestricted income belongs to the School's corporate reserves, spendable at the discretion of the Governors either to further the School's Objects or to benefit the School itself. Where the Governors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the Governors. The use of designated funds remains at the discretion of Governors.

Restricted income comprises gifts, legacies and grants where there is no capital retention obligation or power but only a trust law restriction to some specific purpose intended by the donor.

1.11 Operating Leases

Rental charges are charged on a straight line basis over the term of the lease.

1.12 Pension costs

Retirement benefits to employees of the School are provided through;

- (a) The Teachers' Pension Scheme, a defined benefit scheme – This scheme is multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable.
- (b) For certain other employees, the School makes contributions into defined contribution pension schemes, whose assets are also held in a separate fund independently administered. The amount charged to the Statement of Financial Activities in respect of pension costs is the total contributions payable for the year.

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

2. CHARITABLE ACTIVITIES – FEES RECEIVABLE	2018	2017
	£	£
Fees receivable consist of:		
School fees	3,685,018	3,656,054
Less: total scholarships and bursaries	(104,419)	(91,523)
	<u>3,580,599</u>	<u>3,564,531</u>
Scholarships, bursaries and other awards were paid to 14 pupils (2017: 11). Within this means-tested bursaries totalling £81,721 were paid to 8 pupils (2017: £78,821 to 7 pupils).		
3. CHARITABLE ACTIVITIES – ANCILLARY TRADING INCOME	2018	2017
	£	£
Extras	280,872	234,004
Entrance and registration fees	6,175	5,850
School bus income	19,669	19,422
Educational grants	23,365	1,749
Deposits forfeited	48,660	38,740
	<u>378,741</u>	<u>299,765</u>
4. OTHER TRADING ACTIVITIES	2018	2017
	£	£
External lets	63,510	72,460
	<u>63,510</u>	<u>72,460</u>
5. BANK AND OTHER INTEREST	2018	2017
	£	£
Bank interest	<u>7,975</u>	<u>5,250</u>

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

6. ANALYSIS OF EXPENDITURE	Staff costs (note 8) £	Depreciation (note 9) £	Other £	Total 2018 £
(a) Total expenditure				
Cost of raising funds				
Financing costs (note 7)	-	-	18,047	18,047
Total costs of raising funds	-	-	18,047	18,047
Charitable expenditure				
<i>Education</i>				
Teaching	2,139,220	-	469,240	2,608,460
Welfare	128,173	-	93,888	222,061
Premises	133,600	303,850	212,492	649,942
Support costs and governance	318,393	-	208,020	526,413
Total charitable expenditure	2,719,386	303,850	983,640	4,006,876
Total expenditure	2,719,386	303,850	1,001,687	4,024,923
COMPARATIVE ANALYSIS OF EXPENDITURE				
	Staff costs (note 8) £	Depreciation (note 9) £	Other £	Total 2017 £
Total expenditure				
Cost of raising funds				
Financing costs (note 7)	-	-	18,214	18,214
Total costs of raising funds	-	-	18,214	18,214
Charitable expenditure				
<i>Education</i>				
Teaching	2,012,606	-	363,390	2,375,996
Welfare	126,210	-	100,933	227,143
Premises	114,570	290,190	241,822	646,582
Support costs and governance	330,165	-	268,951	599,116
Total charitable expenditure	2,583,551	290,190	975,096	3,848,837
Total expenditure	2,583,551	290,190	993,310	3,867,051

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

(b) Governance in support costs	2018	2017
	£	£
Governance costs include:		
Remuneration paid to auditor for audit services	11,250	11,623

None of the Governors received reimbursement for expenses incurred in relation to the School in the current or previous period.

7. FINANCING COSTS	2018	2017
	£	£
Loan interest	18,047	18,214

8. STAFF COSTS	2018	2017
	£	£
The aggregate payroll costs for the year were as follows:		
Wages and salaries	2,222,037	2,121,411
Social security costs	221,160	204,756
Other pension costs	276,189	257,384
	2,719,386	2,583,551

During the year redundancy costs of £Nil (2017: £18,968) were incurred.

None of the Governors received any remuneration or other benefits from The Mall School.

Aggregate employee-benefits of key management personnel	391,135	378,924
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	2018	2017
	Number	Number
Number of higher paid employees in bands of:		
£60,001 to £70,000	3	2
£70,001 to £80,000	1	1
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1

The number with retirement benefits accruing

- in Defined Contribution schemes was	1	1
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of which the contributions amounted to	2,839	3,005
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- in Defined Benefit schemes was	4	3
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of which the contributions amounted to	45,416	43,426
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The average number of the School's employees during the year was 73 (2017: 74).

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

8. STAFF COSTS (continued)

Teaching	39	39
Welfare, premises, support	34	35
	<u>73</u>	<u>74</u>

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Furniture, fittings and equipment £	Electrical equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2017	8,673,144	1,154,555	328,137	120,582	10,276,418
Additions	19,166	18,166	179,787	-	217,119
Disposals	-	-	(50,929)	-	(50,929)
At 31 August 2018	<u>8,692,310</u>	<u>1,172,721</u>	<u>456,995</u>	<u>120,582</u>	<u>10,442,608</u>
Depreciation					
At 1 September 2017	2,419,989	599,528	297,859	111,111	3,428,487
Charge for the year	190,890	85,464	23,777	3,720	303,851
Eliminated on disposal	-	-	(50,929)	-	(50,929)
At 31 August 2018	<u>2,610,879</u>	<u>684,992</u>	<u>270,707</u>	<u>114,831</u>	<u>3,681,409</u>
Net book value					
At 31 August 2018	<u>6,081,431</u>	<u>487,729</u>	<u>186,288</u>	<u>5,751</u>	<u>6,761,199</u>
<i>At 31 August 2017</i>	<u>6,253,155</u>	<u>555,027</u>	<u>30,278</u>	<u>9,471</u>	<u>6,847,931</u>

10. DEBTORS

	2018 £	2017 £
Fees and extras	835,177	827,397
Other debtors	28,038	37,641
Prepayments and accrued income	110,083	62,047
	<u>973,298</u>	<u>927,085</u>

11. CREDITORS: amounts falling due within one year

	2018 £	2017 £
Bank loan (see note 12)	90,594	90,594
Deposits from parents	376,084	432,553
Fees received from parents in advance of term	1,311,765	1,326,720
Trade creditors	136,924	66,460
Taxation and social security	56,737	55,152
Other creditors	55,642	50,433
Accruals and deferred income	42,462	87,628
	<u>2,070,208</u>	<u>2,109,540</u>

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

12. CREDITORS: amounts falling due after more than one year	2018 £	2017 £
Bank loan repayable by instalments		
Due two to 5 years	232,406	244,851
Over 5 years	578,269	670,400
	<u>810,675</u>	<u>915,251</u>

The bank loan provided by Lloyds Bank plc was used to help finance the construction of the school's new theatre facility. The loan is secured by both fixed and floating charges over all of the freehold land and buildings and certain other assets of the charity, bears interest at a variable rate of 1.45% over the bank's base rate and is repayable in monthly instalments until July 2026. The risk exposure relating to the variable interest rate payable on the loan has been hedged with an interest rate cap. The loan is secured with a cap of the base rate at 4.33%.

13. FINANCIAL INSTRUMENTS	2018 £	2017 £
Financial assets measured at amortised cost (a)	863,215	913,702
Financial liabilities measured at amortised cost (b)	1,469,919	1,555,291
(a) Financial assets include fee debtors and other debtors.		
(b) Financial liabilities include bank loans, deposits, trade creditors, and other creditors.		

Impairment losses charged to the financial assets (fee debtors) measured at amortised cost in the year amounted to £2,394 (2017: £10,000).

14. FUNDS OF THE SCHOOL

	At 1 Sept. 2017 £	Income £	Expenditure £	Other Transfers £	At 31 August 2018 £
Unrestricted funds					
- General reserve	882,862	4,034,500	(4,024,423)	(15,844)	877,095
- Designated fixed asset	5,932,680	-	-	17,844	5,950,524
Restricted Funds	-	2,500	(500)	(2,000)	-
	<u>6,815,542</u>	<u>4,037,000</u>	<u>(4,024,923)</u>	<u>-</u>	<u>6,827,619</u>

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

14. FUNDS OF THE SCHOOL (continued)

COMPARATIVE

	At 1 Sept 2016 £	Income £	Expenditure £	Other Transfers £	At 31 August 2017 £
Unrestricted funds					
General reserve	937,962	3,942,006	(3,867,051)	(130,055)	882,862
Designated fixed asset	5,802,625	-	-	130,055	5,932,680
	<u>6,740,587</u>	<u>3,942,006</u>	<u>(3,867,051)</u>	<u>-</u>	<u>6,815,542</u>

Unrestricted funds represent accumulated income from the School's activities and other sources that are available for the general purposes of the School.

The designated fixed assets fund was set up to clearly identify the amount of the charity's funds that are invested in the fixed assets of the school. At the balance sheet date, the designated fund is maintained at an amount equal to the net book value of the charity's fixed assets in the balance sheet date less any bank borrowings falling due after one year that have been used to finance those fixed assets. A transfer is made to or from the general fund at the year end to achieve this balance sheet position.

The restricted fund represents funds provided by the MSA for the sole purpose of purchasing fixed assets.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Designated £	Unrestricted General £	Total 2018 £
Tangible fixed assets	6,761,199	-	6,761,199
Net current assets	-	877,095	877,095
Long term liabilities	(810,675)	-	(810,675)
	<u>5,950,524</u>	<u>877,095</u>	<u>6,827,619</u>

COMPARATIVE ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Designated £	Unrestricted General £	Total £
Tangible fixed assets	6,847,931	-	6,847,931
Net current assets	-	882,862	882,862
Long term liabilities	(915,251)	-	(915,251)
	<u>5,932,680</u>	<u>882,862</u>	<u>6,815,542</u>

THE MALL SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2018

16. PENSION SCHEMES

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £243,598 (2017: £228,242) and at the year-end £33,478 (2017 - £32,120) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the completion and outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

Defined Contribution Scheme

The School contributes to a defined contribution scheme for some of its non-teaching staff. The pension charge for the year includes contributions payable to the scheme of £32,591 (2017: £29,142) and at the year end £Nil (2017: £nil) was accrued in respect of contributions to this scheme.

17. COMMITMENTS UNDER OPERATING LEASES

	2018	2017
	£	£
At 31 August 2018, the charitable company was committed to make payments under non-cancellable operating leases in respect of plant and machinery as follows:		
In less than 1 year	16,342	11,596
In 1-2 years	4,746	11,596
In 2-5 years	10,677	-
	<u>31,765</u>	<u>23,192</u>