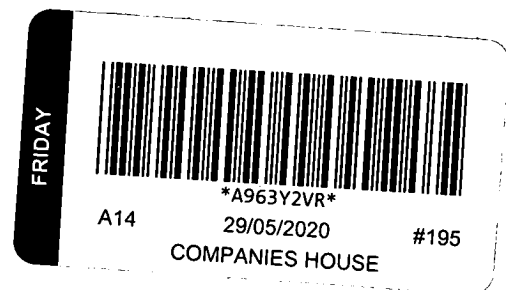


COMPANY NO. 2829156

MANOR LODGE SCHOOL

A Company Limited by Guarantee

GOVERNORS' ANNUAL REPORT INCLUDING
THE STRATEGIC REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST 2019



MANOR LODGE SCHOOL
A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 2019

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GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Board of Governors present their annual report and the audited financial statements of the Company for the year ended 31 August 2019. The Governors have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' (FRS 102) in preparing the annual report and financial statements of the charity.

REFERENCE AND ADMINISTRATIVE INFORMATION

Manor Lodge School Limited (the Company) was incorporated as a company on 22 June 1993 and commenced activities on 19 November 1993. The Company changed its name from Forestpost Limited to Manor Lodge School Limited on 4 May 1995, and arranged pursuant to Section 60(1) (a) of the Companies Act 2006 to have the word "Limited" omitted from the Company name. The School registered as a Charity with the Charity Commissioners on 25 August 1995, number 1048874.

The Registered Office and principal address of the Company is at Manor Lodge School, Rectory Lane, Ridge Hill, Shenley, Radlett, Hertfordshire WD7 9BG. Its registered company number is 2829156.

Governors

The Governors of the School, who are also Directors of the Company and the Charity Trustees, during the year were:

Mr D Arnold MBE # + (Chairman)	Mrs S Hollis *
Mr G Black #	Ms M Jones *
Mrs T Capaldo # (Retired 6 November 2019)	Dr M Malik #
Mr M Cherry # @ (New Deputy Chairman)	Mr J Segal # + (Appointed 11 October 2018)
Mrs S Coventry *	Mr A Williams *
Mrs H Gunasekera * +	Mr S Wilson * \$

Member of Finance and General Purposes Committee

* Member of Education Committee

+ Member of the Governance and Nominations Committee (New)

@ Health and Safety Governor

\$ Safeguarding Governor

Key Executives and professional advisors

The Head	Mrs A Lobo BEd(Hons)
Deputy Heads	Mrs C Edwards BA(Hons) QTS, Mr S Cavanagh BA(Hons) PGCE
The Bursar, Company Secretary & Clerk to the Governors	Mrs A Ridler BSc(Hons) CMgr FCMI
Bankers	Barclays Bank plc, 22-24 Upper Marlborough Road, St Albans, AL1 3AL
Solicitors	Debenhams Ottaway, Ivy House, 107 St. Peter's Street, St Albans, Hertfordshire, AL1 3EW
Auditors	Balfour Sanson, Statutory Auditor, Chartered Accountants, 17 Bourne Court, Southend Road, Woodford Green, Essex IG8 8HD
Insurance Brokers	Aon UK Limited, 8 Devonshire Square, London EC2N 4PL
Investment Managers	Rathbone Investment Management Limited 8 Finsbury Circus, London EC2M 7AZ

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Company is governed by its Memorandum and Articles of Association, originally drawn up on 1 June 1993 and last amended on 14 March 2002. A proposed revised version of the Articles of Association will be presented to the AGM in March 2020.

Governing Body

The Governors, who are also required under the Articles to serve as Directors of the Company and Trustees of the Charity, are elected at a full general meeting.

Governors are appointed for a term of three years. They can be re-elected.

Induction, Recruitment and Training of Governors

Potential Governors are identified by recommendation from existing Governors or from the Head. They are considered by the Board on the basis of professional or business experience, specialist skills and personal competence.

New Governors are inducted into the workings of the company as a school and also as a registered charity, including its Board Policy and Procedures. All Governors receive a copy of the AGBIS publication 'Guidelines for Governors' as well as a comprehensive Governors Manual which highlights their legal responsibilities. Further information is provided by the Chair of Governors, Head and Bursar, as necessary.

Training opportunities are regularly publicised to and taken up by the Governors.

Organisational structure

The Governors meet as a Board at least once a term to determine the general policy of the School and to review its overall management and control, for which they are legally responsible. The implementation of most of the Board's policies is carried out by the Finance and General Purposes Committee (chaired by Mr M Cherry), the Education Committee (chaired by Mrs S Hollis) and the Governance and Nominations Committee (chaired by Mr J Segal). These Committees meet at least once a term, prior to the full Governors' Meeting, to review the budget, monthly management accounts, annual report and accounts and all other relevant matters. The School's Health and Safety Committee reviews the School's work and leisure practices and monitors Risk Assessments and is chaired by a designated Governor (Mr M Cherry). The designated Governor for safeguarding is Mr S Wilson.

The day to day management of the School is delegated to the senior leadership team: the Head, Bursar, Deputy Head Academic and Deputy Head Pastoral.

Relationships with connected parties and affiliated bodies

The School is a member of the Independent Association of Prep Schools (IAPS), the professional association for Heads and Deputy Heads of the leading 600 independent prep schools in the UK and worldwide. Teaching members of the senior management team regularly attend discussion forums with their peers from other preparatory schools in the area in order to enhance the quality and scope of the lessons given within the School.

The School is also a member of the Association of Governing Bodies of Independent Schools (AGBIS), which provides governance advice, and the Independent Schools' Bursars Association (ISBA), which promotes the efficient and effective management of the non-academic aspects of independent schools.

Pupils regularly support other charities, for example by raising funds and goods through collections at Harvest Festival assemblies, House fundraising events and Christmas appeals to support a number of local charities including the local RSPCA sanctuary, a local Hospice, a local Family Centre, the Alzheimers Society and four House charities chosen by pupils each academic year. In 2018/19 these were Christina Noble, Homeless Action Barnet, NAWT and Tiggywinkles. These initiatives are educational and give pupils an awareness of life outside the school community.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The School has registered as an Eco-School, and has become part of an international group of schools working towards education for sustainable development and a better quality of life for local and global communities. The Eco-School scheme provides a framework to enable analysis of operations and assists the School to become a more sustainable community. By following this programme the School will become a more stimulating place in which to learn, whilst reducing the environmental impact on the community. The children's involvement is the key part of the programme and to this end they have been involved right from the start in activities such as producing ideas for projects: recycling, reducing and re-using waste; decision making; monitoring and action planning. The School once again successfully renewed its Eco-Schools Green Flag award in March 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The School has reviewed all major risks and established systems and procedures to manage those risks, as detailed in the School's risk register. The key controls used to manage risks include: annual review of the risk register, appropriate terms of reference for each committee, formal agendas for all committee and Board activity, comprehensive budgeting and management accounting, established lines of reporting, clear financial authorisation levels, vetting and reporting procedures for safeguarding children, regular health and safety audits.

The principal risks and uncertainties currently facing the School are as follows:

External economic factors and the sustainability of fee increases

The School relies on parents' ability to pay fees as its main source of income. There is a risk that external economic factors reduce parents' ability to pay fees or result in parents withdrawing pupils due to fee levels.

Impact of government legislation

Changes in government legislation, for example charity law and guidance, regulatory compliance, or increases to employers' contributions to the Teachers' Pension Scheme, may significantly impact on the School's status and operation. The School must be able to adapt to such changes practically and efficiently.

Reputational risk and nearby schools opening extra classes or changing structure

The continuing success of the School is dependent on continuing to attract applicants by maintaining high academic standards.

The rising costs of maintaining the fabric of the school, in particular the listed building

Repairs and maintenance costs are a major component of the School's expenditure every year. The main school building is Grade II listed and approaching three hundred years old. Although the School maintains a rolling programme of redecoration and refurbishment, the historic trend shows that major repair expenditure is incurred periodically.

PAY SETTING ARRANGEMENTS

Pay and remuneration for the School's senior management team is arranged according to a scale set by the Governors. The scale is agreed by the Governors with reference to IAPS and AGBIS benchmarks and national teaching pay scales.

Members of the senior leadership team are appraised biennially. Governors review the scale as necessary, at least every five years.

OBJECTS, PUBLIC BENEFIT AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

The Objects of the Company, in accordance with its Memorandum of Association, are to advance education in particular by establishing and carrying on in Great Britain (and any other countries) schools at or by means of which students may obtain education and instruction in all subjects whatsoever that may be included in a commercial, technical, scientific, classical or academic education, or may be conducive to knowledge of or skill in any trade, pursuant or calling. In the furtherance of these objects the Governors, as the Charity Trustees, have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

Principal Activity

The principal activity of the School continues to be the provision of education for children aged between 3 and 11. The School is set in an attractive 11 acre site within easy reach of the M25, St Albans, Potters Bar and Cuffley, Radlett, Elstree, Stanmore and Edgware, and most other parts of Hertfordshire and north-west London.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

School Aims

The Board is responsible for setting a strategy for achieving the School's objectives. As a charitable independent school, the strategic aim is the attainment of the highest academic levels. The School's aim is to draw out pupils' abilities and academic potential, to assist them to develop wider interests in life and to motivate them for a successful outcome at their chosen senior school. The School's bursary and admissions policies enable wide access to this education and the facilities by helping lower income or otherwise disadvantaged families to benefit if they cannot afford the School's standard fees.

The School's specific aims are:

1. To provide excellent teaching and learning opportunities within a caring environment in which high standards of behaviour and good manners are encouraged and expected.
2. To ensure that all pupils achieve their full potential and are prepared for entry to the secondary school of their choice, appropriate to their potential.
3. To develop and deliver a broad and balanced curriculum enhancing as far as possible the standards set by the National Curriculum.
4. To encourage tolerance of different cultures and to encourage moral and spiritual development through an awareness of the needs of the wider world.
5. To encourage and nurture a wide range of extra-curricular activities, including Sports, Music and the Arts.
6. To encourage communication with a friendly family atmosphere, thereby creating an effective partnership between staff, parents and children to promote the development of the School.
7. To foster staff development, confidence, support and enthusiasm through a variety of relevant opportunities.

The School is committed to safeguarding and promoting the welfare of our pupils and expects all staff and volunteers to share this commitment.

Objectives and strategies for the year

The Board's main objective continues to be the promotion of high academic standards combined with financial prudence. The strategy for achieving this is to maintain good teacher-to-pupil ratios and to provide the resources deemed necessary by the Head, senior leadership team and Education Committee.

OFFICERS' LIABILITY INSURANCE

The company maintains insurance policies on behalf of all the Governors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors, as Directors of the Company for the purposes of company law, are responsible for preparing the Governors' Annual Report including the Strategic 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 Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

GOVERNORS' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Governors are responsible for keeping adequate 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. 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.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Governors who held office at the date of approval of these financial statements as set out above each confirm, so far as they are aware, that:

- 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 that Balfour Sanson be appointed as auditors to the company will be put to the Annual General Meeting.

STRATEGIC REPORT SECTION

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the School

At the end of the academic year there were 402 pupils on roll in the main School and 34 in the Nursery. There was a substantial waiting list for most year groups.

Academic results were again extremely good. The vast majority of Year 6 pupils moved forward to their first choice secondary schools, both independent and state schools. A total of 40 scholarships were awarded to Year 6 pupils by senior schools: academic, along with all-rounder, art, dance, drama, music and sports awards.

The School was inspected by the Independent Schools' Inspectorate (ISI) in June 2015 and received a highly satisfactory report, with all of the School's activities being rated "excellent". The inspectors reported that "the school is extremely successful in meeting its aims". In a regulatory compliance inspection conducted by the ISI in June 2018, the School met all the required standards.

These achievements were greatly assisted by the high quality teaching staff the School has been able to retain and recruit in the face of intense competition for this increasingly scarce resource from other schools in the locality.

Bursaries and public benefit

The Governors have given due consideration to the Charity Commission's guidance on public benefit. It is important to the School that access is not restricted to those who can afford the fees. The Bursary Policy contributes to a widening of access to the education the School offers and the facilities available. The Governors continue to review the School's Bursary policy to ensure that able children are able to accept places offered at the School even if they are unable to afford the fees, and the policy is publicised on the School's website.

Bursary awards are available to new entrants who meet the School's entry criteria and also to existing pupils, on the basis of parental means or to relieve hardship. In assessing means, a number of factors are taken into consideration, including family income, savings, investments and family circumstances. However, the School does not have an endowment fund so must also ensure a balance between fee-paying parents, many of whom make considerable personal sacrifices to fund their children's education, and those benefitting from the awards.

STRATEGIC REPORT SECTION

FOR THE YEAR ENDED 31 AUGUST 2019

Bursaries and public benefit (continued)

During the year 32 pupils benefited from the staff fee reduction scheme, multi-children discounts and bursaries, the last calculated on a means-tested basis. Such benefits reduced annual fee income by £159,863. Of this amount, bursaries totaling £102,380 supported 11 pupils by the remission in part or in full of their fees. Bursary awards ranged from 50% to 100% remission of fees. In some cases, extra-curricular activities and school lunches may also be supported by a bursary. Means-tested bursaries are reviewed annually and represented 2.1% of the School's gross fee income in the 2018/19 year.

The School makes its premises and facilities available to local organisations free or at a modest cost, for example hosting an annual chess tournament, weekly football classes, holiday camps and lending equipment to the local RSPCA centre.

The School has sent donations to a local food bank and to the neonatal centre at Great Ormond Street Hospital.

The School is developing links with local state primary schools, for example hosting an annual football tournament, a senior schools evening and giving free tickets and transport to its annual Year 6 production. Work experience placements are offered to pupils from local senior schools and teaching staff from local schools have been invited to join staff training sessions.

Volunteers

The Parents' Hub meets regularly to organise and run social activities in order to raise funds for the School which are used to provide additional resources and activities for pupils. In the year under review over £5,000 was raised in this manner. The School also has volunteers who listen to children reading. The Board would like to take this opportunity to express its appreciation for this valuable and continuing support.

Fundraising approach and performance

The Governors are aware of the Charities (Protection and Social Investment) Act 2016 and recognise the importance of meeting the highest standards of practice and care in relation to fundraising activities. The School only raises funds from parents, staff and those with a personal connection to the School and does not undertake fundraising campaigns to members of the public, nor does it use the services of third party fundraisers.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Company's net income for the year of £399,471 (2018: £393,116) is set out in the statement of financial activities.

Reserves

Note 15 to the financial statements shows the assets and liabilities attributable to the solitary fund (unrestricted) used by the School. The statement of financial activities summarises the movements on each fund. At the year end, unrestricted funds amounted to £7,692,689 (2018: £7,293,218).

It will be some years before the bank loans are repaid (as summarised in Note 14 to the financial statements) and the School has funds available to be maintained in appropriate cash reserves. Once this position arises the Board has concluded that, to allow the School to be managed efficiently and to provide a buffer for uninterrupted services, a general cash reserve that equates to six months of overhead expenditure should be built up and maintained.

Capital Expenditure

The need to maintain and enhance the infrastructure of the School resulted in capital expenditure for the year of £338,310 as summarised in Note 11 to the accounts.

Investment Policy

The company has full powers of investment of its corporate reserves as stated in the Articles of Association. The Board continues to keep under review the investment risks and rewards in the current state of the market and take professional advice as necessary.

The overall financial objective is to at least maintain the real value, which was achieved in the year under review. In future it may be possible to generate a sustainable return to fund bursaries or other expenditure.

The Rathbone Core Investment Fund for Charities is ethically screened to avoid direct investment in a number of categories in line with the Board's expectations.

STRATEGIC REPORT SECTION

FOR THE YEAR ENDED 31 AUGUST 2019

FUTURE PLANS

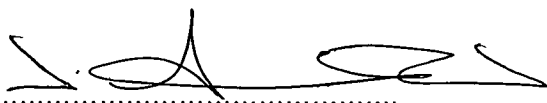
The School's future plans are set out in its five year development plan which is reviewed annually by the Governors, Head Teacher and senior management team, who are jointly responsible for formulating and implementing the plan. All developments are considered and executed within the framework of this plan. The aims of the school development plan are to:

1. determine the future size, composition and structure of the school based on a coeducational system that is flexible enough to meet the demands of the next 5 years.
2. identify and rank the requirements needed to provide high standards of education, teaching and administrative accommodation and facilities.
3. establish a sound financial basis to support both current facilities and future developments.
4. implement agreed policies and changes after full discussion with the Governors and senior management team, when the necessary resources are in place.

Plans for 2019-20 include:

- continuing to refine the School's assessment systems to inform teacher planning, curriculum development and pastoral wellbeing.
- continuing to develop the School's premises to suit the School's current and future needs including a significant refurbishment of the 'coach house' to provide a learning resource centre and new facilities for STEAM subjects.
- expanding the computing curriculum.
- embedding the outdoor curriculum.
- continuing to build a provision for gifted and talented pupils.
- updating the School's branding, website and parent communications systems.
- creating opportunities for planning and delivering the STEAM subjects in an integrated way.
- promoting the benefits of an active lifestyle through school focus on sedentary and physical activity.
- increasing awareness of the importance of education for social responsibility.
- continuing to improve the School's community links.

The Governor's Annual Report including the section containing the Strategic Report has been approved by the Board of Governors in their capacity as Directors of the Company on 12 March 2020 and signed on its behalf by:



Mr D Arnold MBE
Chairman

Rectory Lane
Ridge Hill
Shenley
Radlett
Hertfordshire
WD7 9BG

TO THE MEMBERS OF MANOR LODGE SCHOOL**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANOR LODGE SCHOOL****Opinion**

We have audited the financial statements of Manor Lodge School (the 'charitable company') for the year ended 31 August 2019 which comprise the Governors' Annual Report, the Statement of Financial Activities and the Balance Sheet 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 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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.

Other information

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

TO THE MEMBERS OF MANOR LODGE SCHOOL

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 Governors' Annual Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of Governors

As explained more fully in the Governors' responsibilities statement set out on page 4. The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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.

TO THE MEMBERS OF MANOR LODGE SCHOOL**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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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.



N L Balfour FCA
(Senior Statutory Auditor)
For and on behalf of
Balfour Sanson
Statutory Auditor
Chartered Accountants
17 Bourne Court
Southend Road
Woodford Green
Essex, IG8 8HD



Date

STATEMENT OF FINANCIAL ACTIVITIES
(including an Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Total (Unrestricted) 2019 £	2018 £
INCOME FROM:			
Charitable activities	2	5,098,126	4,993,034
Other trading activities	3	34,412	26,217
Investments	4	19,516	7,467
Total income		5,152,054	5,026,718
EXPENDITURE ON:			
Charitable Expenditure			
Raising funds		24,522	20,672
Charitable activities	5	4,726,637	4,613,952
Other		2,669	786
Total expenditure		4,753,828	4,635,410
NET GAINS ON INVESTMENTS		1,245	1,808
NET INCOME AND NET MOVEMENT IN FUNDS		399,471	393,116
RECONCILIATION OF FUNDS:			
TOTAL FUNDS BROUGHT FORWARD		7,293,218	6,900,102
TOTAL FUNDS CARRIED FORWARD	15	7,692,689	7,293,218

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The attached notes form part of these financial statements.

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	11		7,882,982		7,974,486
Investments	12		259,487		252,285
			<u>8,142,469</u>		<u>8,226,771</u>
CURRENT ASSETS					
Debtors	13	171,902		137,844	
Cash at Bank and in hand		2,442,008		2,229,003	
		<u>2,613,910</u>		<u>2,366,847</u>	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	14	952,273		1,009,117	
		<u></u>		<u></u>	
NET CURRENT ASSETS			1,661,637		1,357,730
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,804,106</u>		<u>9,584,501</u>
CREDITORS: Amounts falling due after more than one year	14		2,111,417		2,291,283
			<u></u>		<u></u>
TOTAL NET ASSETS			<u>7,692,689</u>		<u>7,293,218</u>
CHARITY FUNDS					
Unrestricted funds	15		7,692,689		7,293,218
			<u></u>		<u></u>

Approved and authorised for issue by the Board of Governors on 12 March 2020 and signed on its behalf by:



Mr D Arnold MBE
Chairman

The attached notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flow from operating activities	18	790,037	1,021,925
Interest paid		(77,047)	(78,227)
Net cash flow from operating activities		712,990	943,698
Cash flow from investing activities			
Payments to acquire fixed asset investments		-	(250,477)
Payments to acquire tangible fixed assets		(338,310)	(335,194)
Interest received		14,568	7,027
Dividends received		4,948	440
Proceeds from tangible fixed asset disposals		1,217	-
Net cash flow from investing activities		(317,577)	(578,204)
Cash flow from financing activities			
Repayment of long term loans		(182,908)	(180,450)
Increase/(Decrease) in deposits held		500	(10,500)
Net cash flow from financing activities		(182,408)	(190,950)
Net increase in cash and cash equivalents		213,005	174,544
Cash and cash equivalents at 1 September 2018		2,229,003	2,054,459
Cash and cash equivalents at 31 August 2019		2,442,008	2,229,003
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,223,008	2,010,003
Short term deposits		219,000	219,000
		2,442,008	2,229,003

The notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES

(a) General information and basis of preparation

Manor Lodge School is registered as a charity with the Charity Commission and incorporated as a private limited company in England and Wales. Manor Lodge School is a company limited by guarantee. Every member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the company's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are as presented on page 3 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention. There are no material uncertainties in respect of going concern. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

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

(b) Funds

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

(c) Income recognition

School fees represent amounts receivable for educational services provided including ancillary fees charged for registrations, clubs, lunches and other activities.

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

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Governors' Annual Report.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Fees receivable consist of charges billed for the school year ending 31 August less bursaries and allowances. Fees received for education to be provided in a future year are shown as fees paid in advance at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

(d) Expenditure recognition

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

- Costs of raising funds;
- Expenditure on charitable activities as set out in Note 5 to the financial statements; and
- Other expenditure represents those items not falling into the categories above.

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

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to the cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking non-mandatory contributions.

The analysis of these costs is included within note 5 to the financial statements.

(f) Tangible fixed assets

Tangible fixed assets are included at cost including any incidental expenses of acquisition. Costs includes any costs directly attributable to render the asset capable of use as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, on a systematic basis, over their expected useful economic lives as follows:

Freehold land	NIL
Freehold buildings	over 50 years on a straight line basis
Furniture and office equipment	over 5 years on a straight line basis
Computer equipment	over 4 years on a straight line basis
Leasehold property	over the period of the lease

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently they are measured at fair value with changes recognised in "net gains/(losses) on investments" in the Statement of Financial Activities if the shares are publicly traded or their fair value can otherwise be measured reliably.

(h) Financial Instruments

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements when there is a legal enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

- a) Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure
- b) Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments with original maturities of three months or less.

(j) Impairment

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

(k) Leases

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

(l) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Company contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS102 therefore, the scheme is accounted for as a defined contribution scheme. The Company also contributes to a group personal pension scheme for non-teaching staff at up to 6.0% of annual basic pay. Contributions to both schemes are charged in the SOFA as they become payable in accordance with the rules of the schemes.

(m) Taxation

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

(n) Going concern

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

(o) Value added taxation

As the Company's activities are outside of the scope of value added tax, it is unable to reclaim any input tax. Consequently, value added tax on any capital expenditure is capitalised as part of the cost of the asset acquired and value added tax on resources expended is added to the particular expense in the Statement of Financial Activities.

(p) Parents' deposits

The Governors have reviewed the contract terms under which pupil fee deposits are held by the School. These deposits will be repaid over future years when the pupils complete their education at the school. In accordance with the Charities SORP FRS 102, the balances for parents' deposits are initially recognised and measured at the amounts received, with the carrying amount adjusted in subsequent years to reflect repayments and adjusted if necessary for any impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

(q) Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Charity's accounting policies, which are described in note 1, Governors are required to make judgements, estimates and assumptions about the carrying values 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 on-going 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 affects the current and future periods. The Governors consider that there are no material judgements in applying accounting policies or key sources of estimation uncertainty.

Critical Judgements

Useful Economic Lives

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property, plant and equipment and note 1(f) for the useful economic lives for each class of asset.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

2. INCOME FROM CHARITABLE ACTIVITIES

	2019	2018
	£	£
School fees receivable	4,786,000	4,675,543
Clubs, school lunches and other activities	298,926	303,316
Registration fees	13,200	14,175
	<hr/>	<hr/>
	5,098,126	4,993,034
	<hr/> <hr/>	<hr/> <hr/>

All income above was attributable to unrestricted funds.

3. INCOME FROM OTHER TRADING ACTIVITIES

	2019	2018
	£	£
Income from fund raising events	31,712	24,724
Other	2,700	1,493
	<hr/>	<hr/>
	34,412	26,217
	<hr/> <hr/>	<hr/> <hr/>

All income above was attributable to unrestricted funds.

4. INCOME FROM INVESTMENTS

	2019	2018
	£	£
Interest – Deposit and current account	14,568	7,027
Dividend income	4,948	440
	<hr/>	<hr/>
	19,516	7,467
	<hr/> <hr/>	<hr/> <hr/>

All income above was attributable to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS - continued**FOR THE YEAR ENDED 31 AUGUST 2019****5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES AND ALLOCATION OF SUPPORT AND GOVERNANCE COSTS**

The Governors consider that the Company is engaged in only one category of charitable activity – namely that of the provision of education.

Analysis of charitable activity, governance and support costs

	Direct charitable activity £	Support Costs £	Governance Function £	2019 Total £	2016 Total £
Salary and employee costs	2,516,484	661,158	-	3,177,642	3,053,415
Premises and overhead costs	-	442,574	-	442,574	484,135
Catering costs	-	232,824	-	232,824	228,292
Amortisation	-	199,660	-	199,660	194,434
Depreciation	-	153,774	-	153,774	160,172
School activities and excursions	79,635	-	-	79,635	82,968
Educational supplies	66,402	-	-	66,402	55,687
Other costs	5,189	230,226	-	235,415	189,084
Finance costs including loan interest	-	94,578	-	94,578	107,342
Legal & professional fees	-	-	33,729	33,729	48,238
Audit remuneration	-	-	10,404	10,404	10,185
	<hr/> 2,667,710	<hr/> 2,014,794	<hr/> 44,133	<hr/> 4,726,637	<hr/> 4,613,952

6. NET INCOME FOR THE YEAR

Net income for the year is stated after charging/(crediting):

	2019 £	2018 £
Other expenditure includes:		
Fees payable to the Company's auditor		
- for the audit of the Company's annual accounts	9,424	9,260
- for other audit work on behalf of the Company	980	925
Depreciation – owned assets	350,523	354,606
Operating lease rentals - Land and buildings	68,258	61,835
Fittings and equipment	904	904
Net gain on investments	1,245	1,808
Loss on disposal of tangible fixed assets	75,163	-
	<hr/> <hr/>	<hr/> <hr/>

7. GOVERNORS' AND KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES

The governors neither requested nor waived any emoluments during the year (2018: £Nil).

In addition, the governors did not have any expenses reimbursed during the year (2018: £Nil).

The total amount of employee benefits received by key management personnel was £376,576 (2018: £445,602). The School considers its key management personnel comprise members of the School's senior management team.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

8. STAFF COSTS

	2019	2018
	£	£
Wages and Salaries	2,542,778	2,432,276
Social Security costs	260,437	247,281
Pension costs	297,034	284,313
Other employee benefits	59,169	67,055
	<hr/>	<hr/>
	3,159,418	3,030,925
	<hr/> <hr/>	<hr/> <hr/>

Total redundancy/termination payments amounted to £700 (2018: £8,717).

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 in the year was as follows:

	2019	2018
	Number	Number
£60,001 - £70,000	-	2
£70,001 - £80,000	2	1
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1

The average number of employees and full time equivalent (FTE) analysed by function during the year was made up as follows:

	2019		2018
	Number	FTE	Number
Charitable activities (Teaching and support)	84	61	80
Administration	8	7	8
	<hr/>	<hr/>	<hr/>
	92	68	88
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Bank loan interest payable	77,047	78,227
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

10. PENSION COSTS

a) Defined contribution pension scheme.

The Company contributes to a defined contribution scheme on behalf of eligible members of its non-teaching staff. Contributions are charged in the statement of financial activities as they accrue. The charge for the year was £41,728 (2018: £34,677). Contributions payable as at 31 August 2019 in respect of non-teaching staff were £3,655 (2018: £2,962).

b) 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 £255,306 (2018: £250,673) and at the year end £21,024 (2018: £19,888) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pension Scheme 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 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in the scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

11. TANGIBLE FIXED ASSETS

	Computer Equipment £	Equipment, Fixtures and Fittings £	Land & Freehold Property £	Short Leasehold Property £	Total £
Cost					
As at 1 September 2018	510,586	1,212,571	8,992,112	602,609	11,317,878
Additions	35,979	56,183	214,487	31,661	338,310
Disposals	(85,350)	(10,628)	(117,542)	(-)	(213,520)
As at 31 August 2019	461,215	1,258,126	9,089,057	634,270	11,442,668
Depreciation					
As at 1 September 2018	402,055	975,818	1,794,169	171,350	3,343,392
Charge for year	53,979	99,795	173,726	25,934	353,434
Disposals	(85,350)	(10,022)	(41,768)	(-)	(137,140)
As at 31 August 2019	370,684	1,065,591	1,926,127	197,284	3,559,686
Net Book Value					
As at 31 August 2019	90,531	192,535	7,162,930	436,986	7,882,982
As at 31 August 2018	108,531	236,753	7,197,943	431,259	7,974,486

12. FIXED ASSET INVESTMENTS

Cost or valuation	Total investments (Listed) £
At 1 September 2018	252,285
Revaluation	1,245
Additions	5,957
At 31 August 2019	259,487
Investments at fair value comprise:	
	At 31 August 2019 £
Funds held within a unit trust	257,484
Cash within investment portfolio	2,003
	259,487

Historical cost of fixed asset investments £256,435.

The fair value of listed investments is determined by reference to the middle market price as at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED 31 AUGUST 2019

13. DEBTORS

	2019	2018
	£	£
Amounts falling due within one year:		
Fees receivable	35,556	32,732
Prepayments	130,969	96,650
Other debtors	5,377	8,462
	<hr/>	<hr/>
	171,902	137,844
	<hr/>	<hr/>

14. CREDITORS

	2019	2018
	£	£
Amounts falling due within one year:		
Bank loans	182,908	180,450
Taxation and Social Security payable	67,657	59,448
Other Creditors	219,559	170,858
Fees paid in advance	365,416	475,733
Deposits held	60,000	65,000
Accruals	56,733	57,628
	<hr/>	<hr/>
	952,273	1,009,117
	<hr/>	<hr/>

	2019	2018
	£	£
Amounts falling due after one year:		
Long term mortgage	1,909,417	2,094,783
Deposits held	202,000	196,500
	<hr/>	<hr/>
	2,111,417	2,291,283
	<hr/>	<hr/>

The amounts falling due in respect of creditors payable by instalments after five years were:

	2019	2018
	£	£
Bank loans – element over five years	1,177,788	1,372,983
Deposits held – element over five years	71,000	74,000
	<hr/>	<hr/>

The bank loan facilities provided by Barclays Bank plc are secured by a debenture over the freehold land and property (excluding that relating to the Nursery) at Manor Lodge School dated 23 May 2011. There were three loans in operation as at 31 August 2019: the first being repaid by monthly instalments up to May 2026 at an interest rate of 1.95% over prevailing bank base rate; the second being repaid by monthly instalments up to October 2029 at an initial five year fixed rate 4.35% (followed by a margin of 2.45% over prevailing bank base rate) and the third, being repaid by monthly instalments for a fifteen year term commencing December 2015 at an interest rate of 2.45% over prevailing bank base rate. The aggregate value of secured liabilities is £2,092,325 (2018: £2,275,233).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

15. FUNDS

	At 1 September 2018 £	Income £	Expenditure £	At 31 August 2019 £
Unrestricted fund	7,293,218	5,152,054	4,752,583	7,692,689
Total funds	7,293,218	5,152,054	4,752,583	7,692,689

The Unrestricted fund represents the free funds of the Company which are not designated for any particular purpose.

The Company's charitable funds are thus wholly unrestricted and the net assets of the Company in support of the funds balance above is as represented by the balance sheet on page 12.

16. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land & Buildings		Other	
	2019 £	2018 £	2019 £	2018 £
Expiring:				
Within one year	113	-	300	-
In two to five years	13,667	13,713	-	1,204
In more than five years	2,366,790	2,415,315	-	-
	2,380,570	2,429,028	300	1,204

17. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Financial assets measured at amortised cost (a)	2,482,941	2,270,197
Financial liabilities measured at amortised cost (b)	914,632	1,147,989
Financial assets measured at fair value through the income and expenditure account (c)	259,487	252,285

- a) Financial assets include cash, fee debtors, other debtors and accrued income.
- b) Financial liabilities include deposits, fees in advance, trade creditors, and taxation and other creditors.
- c) Financial assets at fair value through the income and expenditure account comprise investments.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

18. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2017 £
Net income for the year	399,471	393,116
Dividend income	(4,948)	(440)
Interest receivable	(14,568)	(7,027)
Interest payable	77,047	78,227
Depreciation charges	353,434	354,606
(Increase)/Decrease in debtors	(34,058)	15,420
(Decrease)/Increase in creditors	(54,302)	189,831
Change in market value of investments	(7,202)	(1,808)
Loss on disposal of fixed assets	75,163	-
	<hr/>	<hr/>
Net cash inflow from operating activities	790,037	1,021,925
	<hr/>	<hr/>

19. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year to 31 August 2019 (2018: no related party transactions).

DETAILED INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	£	2019	£	£	2018	£
Gross income						
School Fees	4,786,000			4,675,543		
Registrations	13,200			14,175		
		4,799,200			4,689,718	
Add						
Net proceeds from fund-raising activities	7,221			4,759		
Clubs, school lunches & other activities	298,926			303,316		
Interest receivable	14,568			7,027		
Change in market value of investments	1,245			1,808		
Dividend income	4,948			440		
		5,126,108			5,007,068	
Less Expenses						
Salaries:						
Teaching & Administration	2,210,130			2,092,976		
Domestic Staff & Maintenance	272,370			227,708		
Drama, Elocution, Music & Casual	47,921			49,329		
Supply Teachers	12,357			62,263		
Employers NIC	260,437			247,281		
Staff Superannuation Scheme	297,034			284,313		
Life Assurance Policies	12,484			16,185		
Staff Training	18,224			22,490		
Medical Insurance	46,685			50,870		
	3,177,642			3,053,415		
Premises:						
Rates & Water	28,086			27,494		
Light & Heat	77,039			85,138		
Telephone	16,205			20,079		
Insurance	31,074			32,052		
Cleaning & Refuse	72,400			69,104		
Repairs & Renewals	84,229			79,875		
Security & Safety	20,663			19,577		
Grounds	112,878			150,816		
	442,574			484,135		
Carried forward		5,126,108			5,007,068	

DETAILED INCOME AND EXPENDITURE ACCOUNT - continued

FOR THE YEAR ENDED 31 AUGUST 2019

	£	2019	£	£	2018	£
Brought forward			5,126,108			5,007,068
Other:						
Travelling & Entertaining	7,998			5,522		
Educational Supplies	66,402			55,687		
Printing, Postage & Stationery	35,205			35,516		
Advertising & Recruitment	26,774			54,160		
Swimming	6,900			6,500		
General Expenses	10,407			14,233		
Legal & Professional Fees	33,729			48,238		
Audit Remuneration	10,404			10,185		
Depreciation	353,434			354,606		
Bank Charges & Interest	17,531			29,115		
Catering	229,654			224,687		
Milk	3,170			3,605		
Excursions	35,528			36,442		
School Inspection	4,879			5,158		
Ju Jitsu	14,190			13,920		
Subscriptions	9,418			9,752		
Heads Expenses	310			853		
Chess	16,057			26,106		
Drama	6,960			-		
Office Software	65,261			53,126		
Bad debts	-			10,764		
Loss on disposal of fixed assets	75,163			-		
				998,175		
	1,029,374					
			4,649,590			4,535,725
			476,518			471,343
Bank loan interest	77,047			78,227		
			77,047			78,227
NET SURPLUS for the year			399,471			393,116