

Charity Registration No. 525929

Company Registration No. 00661518 (England and Wales)

POWNALL HALL SCHOOL TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 AUGUST 2018



POWNALL HALL SCHOOL TRUST LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Governors	Mrs E M MacAulay (Chair) Mr T F Barnes Mr G D Dawber Mrs S C Levy Mr T J Wareham Mr M J Erian Mrs L Window Mrs N M Wood Mr R B W Wood	(Appointed 2 July 2018) (Appointed 12 November 2018) (Appointed 12 November 2018) (Appointed 12 November 2018)
Business Manager	Mrs P Dhoot	(appointed 4 January 2019)
Headmaster	Mr D Goulbourn	
Secretary	Mr D Goulbourn	
Charity number	525929	
Company number	00661518	
Registered office	Pownall Hall School Carrwood Road Pownall Park Wilmslow Cheshire SK9 5DW	
Auditor	Josolyne & Co Silk House Park Green Macclesfield Cheshire SK11 7QW	
Bankers	Royal Bank of Scotland plc 27 Water Lane Wilmslow Cheshire SK9 5AB Lloyds Bank Group Plc 223 Finney Lane Heald Green Cheadle Cheshire SK8 3PY	

POWNALL HALL SCHOOL TRUST LIMITED

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POWNALL HALL SCHOOL TRUST LIMITED

GOVERNORS' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 24 AUGUST 2018

The Governors present their report and financial statements for the year ended 24 August 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the school's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Objectives and activities

In setting objectives for the School and planning its activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public guidance on advancing education and fee charging. The Governors have for many years offered assistance with fees and the School has been particularly successful in attracting children whose parents would not be able to afford a full fee paying place. The assistance takes in to account the cost of extra curricular activities. The Governors are also conscious of the role that the School has always played, and continues to play, in the local community and this Report sets out details of activities which benefit all sections of that community. However we are not complacent in respect of the public benefit requirements; on the contrary we are continuously exploring opportunities to enhance the School's activities and use all its resources for the benefit of all strands of the local community.

Our School welcomes pupils from all backgrounds. There is no entrance requirement as such although in the upper forms an initial academic assessment is made, and this identifies the educational requirements and programme for the child. We have made significant investments in infrastructure to cater for the needs of children who are, or become, disabled. The welfare and progress of the children in every respect is a priority commitment and our procedures facilitate effective monitoring of development and success.

The School's objectives are the advancement of education for 2 to 11 year old children. The Charity has also to maintain its heritage endowment, in particular the Hall which is a grade 2* listed building and various artefacts, books and works of art. The Governors have also emphasised the need to make the School's resources and activities available to the wider community and to contribute to the welfare of the community. The Governors also make bursaries available and are intent on achieving a wider access to the School, offering assisted places to children whose parents are unable to meet the full fees and making the School's resources available to the local community.

Within these Objects, the School's aim is to provide a first class independent education, based on excellent academic tuition and extra curricular activities involving the development of sporting, artistic and social skills in all its pupils. This is designed to provide an environment in which all pupils can develop and fulfil their potential, both in gaining access to the secondary school of their choice, and in building self confidence and a desire to contribute to the wider community.

The focus in the period ended 24 August 2018 and beyond has been on maintaining and improving academic performance; increasing contribution to the wider community both by activity and visibility in the community and by making the School's resources and activities available to others; actively pursuing the development and introduction of a bursary scheme; and investment in the School's infrastructure and facilities.

The activities which have contributed to the implementation of the School's strategy and the achievement of its objectives are dealt with in the next section of this Report.

The Governors have paid due regard to guidance issued by the Charity Commission in deciding what activities the school should undertake.

Strategic report

The description under the headings "Achievements and performance" and "Financial review" meet the company law requirements for the Governors to present a strategic report.

POWNALL HALL SCHOOL TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 24 AUGUST 2018

Achievements and performance

Education Quality and Compliance Inspections were undertaken by the Independent Schools Inspectorate in March 2017. The Inspectors concluded that the quality of the pupils' academic and other achievements is excellent and that the quality of the pupils' personal development is excellent. Specific mention was made of excellent performance in every aspect of pupils' education. The Inspectors made no recommendations themselves but commended the objectives in the School's strategic plan. The results of the Compliance Inspection were similarly positive with the School meeting the laid down standards.

Our children continued to attain the highest quality academic standards. All the children in Form 6 achieved passes in the 11+ entrance examinations, and were offered places at the secondary schools of their choice, including The Manchester Grammar School, Withington Girls' School, Stockport Grammar School, The Grange School, The King's School Macclesfield, Cheadle Hulme School Alderley Edge School for Girls and Altrincham Grammar School for Boys. Our children received 36 offers of places including 12 scholarships, an excellent achievement.

Although the primary focus of the School is on academic success, all our children participate in many extra curricular activities which we consider essential for their development and prepares them for the rigorous demands of secondary school and beyond. There is considerable emphasis on music and drama. Many of the children passed music examinations and almost all are involved in choral activities. Our children performed magnificently at several festivals and in particular at Alderley Edge and Hazel Grove. The majority of the senior school participated in excellent productions throughout the year, outstanding performances which received numerous accolades. All children in the School sung and performed in numerous concerts and plays. Our choirs participated in many public, as well as internal, performances during the year.

Sport continues to be an integral part of our children's activities and opportunities, and the all weather hard court, which was originally financed by a specific and generous donation from our Parents' Association, was extended and improved, again financed by our Parents' Committee and is used extensively for football, hockey, tennis, netball and other sports. This together with the Sports Hall and our extensive external facilities provides for a variety of sporting activities in which our children participate with great enthusiasm, enjoyment and success. Tennis, football, hockey, cricket, netball, cross-country, swimming, rugby and athletics are just some of the sports in which our children are extensively involved. No less important are other activities such as music, art, cooking and chess which add to the broad education which is provided.

The School continued to organise many educational trips and expeditions. There were numerous visits to the theatre, environmental organisations and museums. Groups of children from various year groups were involved in trips to The Hollowford Centre, Castleton and Hartington in the Peak District. Years 5 and 6 had a most enjoyable and educational residential trip to Rossall School on the Fylde. All forms experienced visits to museums and other centres of education and information.

The Governors in implementing the bursary policy, awarded a number of assisted places to children who otherwise would have been unable to attend the School. The Finance Governor continues to develop the formal policy and the Governors are anxious to ensure that assisted places are made available to the wider community on a consistent, equitable and realistic basis.

Considerable emphasis has been placed on updating the School's infrastructure and facilities. This year the focus has continued to be on enhancing and modernising teaching facilities. There has been further investment in ICT and the provision of interactive teaching and learning equipment in all classrooms and facilities is now complete. Progress has been made in achieving high speed broadband connectivity.

The Governors, staff and parents, together with their children, are particularly committed to the School's contribution to the wider local community. The Hall being a grade 2* listed Arts and Crafts building is opened to visitors on several occasions during the year. The School's sporting and other facilities are frequently used by local sports clubs and similar organisations and the Governors are seeking to extend this opportunity to those who are not fortunate enough to have their own facilities. Our children's plays and choral activities are provided to many in the community, in particular pensioners, and a considerable number of charitable activities are organised by all members of the School community.

POWNALL HALL SCHOOL TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 24 AUGUST 2018

The School's operations are funded in the main by fee income. However, the Governors and other volunteers and supporters of the School are alert to potential fundraising opportunities although these are largely focused on specific projects. The School's Parents' Committee is particularly active and successful in mounting social and other events and surpluses are typically used to purchase equipment for classrooms and other school facilities, entirely at the discretion of the Committee. The Governors would like to record their appreciation of the parents' contribution to the School.

Financial review

As reported in the year ended 26 August 2017, our bankers, The Royal Bank of Scotland, asked the Governors to make alternative banking and financing arrangements for 2017/18. The Governors appointed educational and financial consultants to assist with the preparation of a comprehensive and objective business plan which during 2016/17 was presented to a number of potential bankers and other funders. At the same time the sale of surplus land was progressed during the year. A number of interim funding offers were received and The Governors accepted an interim funding offer of a loan of £1.6m which was received in October and December 2017. All indebtedness to RBS was settled at that time, and repayments of £300,000 were made in respect of loans made by the Governors or their families. The sale of land was finally completed in February 2018 yielding net proceeds at that time of approximately £600,000, £550,000 of which was utilised in partial repayment of the interim loan. The remaining interim loan of £1,050,000 is repayable on 31 January 2020 and attracts interest of 5% pa. However, the lender has confirmed he will not seek repayment until 31 March 2021 to enable the Governors to conclude alternative funding arrangements. Loans from Governors and their families now amount to £403,000 and they have also deferred repayment until 31st March 2021 at the earliest. An account with Lloyds Group was opened in the autumn of 2018 and the Governors closed the RBS account in July 2019. During 2020, the Governors will make arrangements for alternative funding of the School. Lloyds have orally indicated their willingness to consider replacing the interim funding based on the School's return to profitability in 2018/19 and 2019/20. The Governors will also revisit the funding offers received during 2017 with a view to continuation of the interim funding facilities as an alternative to clearing bank funding.

The Governors report a surplus of £389,933 for the period, compared to a deficit of £208,260 in the previous period. However, this result reflects non-recurring income, the net profit of £588,799 on the sale of land, and legal and consultancy costs of £71,900 in connection with the refinancing of the school.

These numbers will continue to increase as the smaller classes in Years 4, 5 and 6 are replaced by greater numbers progressing through the School and joining the Reception class. The increasing numbers in the senior school will return the School to profitability in 2019/20.

The continuing importance of building pupil numbers to improve the trading position will be self evident. The Governors' decision some years ago to concentrate on increasing numbers in the junior sections of the School, which in turn will support increased numbers in the senior sections, continues to be successful. Numbers in the School have been steadily increasing during 2017/18; we have record and increasing numbers in Nursery and Kindergarten which in turn are giving rise to increasing numbers in the senior part of the School. In 2017/18 we have achieved our forecast pupil numbers. In September 2017 we had 232 children in the School and in September 2018 this had increased to 251.

The Governors' policy towards reserves is to invest any surpluses in the School's facilities and infrastructure. Although this impacts on reserves only through the progressive recognition of depreciation in the Statement of Financial Activities, the impact on the School's cash resources is immediate. Consequently the Governors think it appropriate that the overall financial position, including in particular the cash position, informs and influences the policy on, and level of, reserves.

The Governors are conscious that the Unrestricted funds are in deficit. However, as stated above, the school is experiencing significant increases in numbers and the Governors expect a return to significant profitability in 2019/20 and beyond. The sale of surplus land in 2017/18 has yielded a significant profit. Furthermore, a valuation of the School's freehold land and buildings, undertaken in 2012 as part of the negotiations in connection with the increased bank facilities indicated a value significantly in excess of the carrying value in the balance sheet.

POWNALL HALL SCHOOL TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 24 AUGUST 2018

Under the direction of the Governors and the Headmaster, the School has continued to invest in modernising and enhancing the teaching provision, and in the provision of new facilities which will enhance the education experience of our children. Essential, albeit modest, investment programmes were continued during this period and there has been further significant investment in 2017/18 as pupil numbers have increased. The current emphasis has been on new teaching and assessment schemes, as well as on direct contact teaching methods and content. Some of the investment was once again funded by our Parents' Committee and we again record our appreciation of their tireless activities, support and contribution.

The Board of Governors is responsible for the management of risks faced by the School. Detailed consideration and management of risks are delegated to the executive management team who report informally to the F&MC and Board. The Governors have continued to implement enhanced risk management processes during the year. Major risks and issues are evaluated and considered at all management meetings and the risk identification, assessment and response process has been formally documented during the year. The Governors and executive management team are risk conscious and are satisfied that the major risks faced by the School have been managed and mitigated to an adequate extent. The governors recognise that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The key objectives of the medium to long term strategic plan are:

To achieve optimum capacity in each class throughout the School

To ensure that teaching capacity and capability is commensurate with these class sizes

To maintain the current high standards of academic achievement measured in the main by the success of the School's children in securing offers from the secondary schools of their choice

To continue to maintain the School's reputation for excellence in extra curricular activity in the arts, sport and community activity

To widen participation in the School by offering assisted places for children, and to make the School's resources, facilities and activities available to the wider community

To continue the programme of improving the School's infrastructure and facilities.

In the short term the Governors are conscious of the School's financial position. Initiatives to achieve efficiencies and economies in the cost base continue to be implemented and emphasis is being placed on initiatives to increase pupil numbers. The Governors will implement projects and initiatives only on the basis that the School remains within its financial facilities.

POWNALL HALL SCHOOL TRUST LIMITED

GOVERNORS' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 24 AUGUST 2018

Structure, governance and management

The activities of the Trust are referred to in the Memorandum and Articles of Association which is the governing document of the Trust.

The Governors, who are also the directors for the purpose of company law, and who have served since 27th August 2017 were:

Mrs E M MacAulay (Chair)

Mr T F Barnes

Mr S M B Butler-Smith

(Resigned 2 July 2018)

Mr G D Dawber

Dr S Coyne

(Resigned 21 May 2018)

Mr M G Morris

(Resigned 2 July 2018)

Mrs S C Levy

Mr T J Wareham

Mr M J Erian

(Appointed 2 July 2018)

Mrs L Window

(Appointed 12 November 2018)

Mrs N M Wood

(Appointed 12 November 2018)

Mr R B W Wood

(Appointed 12 November 2018)

In accordance with the Articles of Association, Mrs E M MacAulay, Mr T F Barnes and Mr M J Erian will retire by rotation at the forthcoming AGM, and being eligible, will offer themselves for re-election.

The Trust does not have any share capital but each Governor is guarantor to the extent of £1. No Governor has a beneficial interest in the Trust.

Governors are elected by The Board of Governors having regard to the skills requirements of the Board. Each Governor contributes a specific area of expertise relevant to the management of the School.

The Governors, as the Charity Trustees, are legally responsible for the overall management and control of the School and meet at least five times a year. The work of implementing most of the policies laid down by the Board of Governors and the day to day management of the School is undertaken by the executive senior management team under the supervision of the Finance and Management Committee ('F&MC'), chaired by the Chair of the Board, which meets at least five times a year before the meetings of the Board, and which normally includes the Deputy Chair (Finance Governor), Headmaster and Bursar.


Auditor

In accordance with the company's articles, a resolution proposing that Josolyne & Co be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the Governors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Governors' report, including the strategic report, was approved by the Board of Governors.



Mr G D Dawber

Governor

Dated: 29 November 2018

POWNALL HALL SCHOOL TRUST LIMITED

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 24 AUGUST 2018

The Governors, who are also the directors of Pownall Hall School Trust Limited for the purpose of company law, are responsible for preparing the Governors' 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 school and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the school 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 school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POWNALL HALL SCHOOL TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Pownall Hall School Trust Limited (the 'school') for the year ended 24 August 2018 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and the 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 24 August 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 school 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.

Emphasis of matter

Due to the Statement of Financial Position showing net liabilities of £946,655 we draw your attention to the relevant disclosure in the Governors report and note 1.2.

Our opinion has not been modified in respect of this disclosure.

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 school'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 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.

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.

POWNALL HALL SCHOOL TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' report have 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 school and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Governors' 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 trustees' 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 statement of Governors' responsibilities, the Governors, who are also the directors of the school for the purpose 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 school'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.

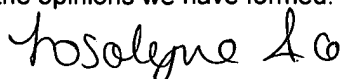
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

POWNALL HALL SCHOOL TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

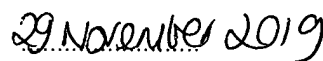
Use of our report

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



Penelope Hannibal (Senior Statutory Auditor)
for and on behalf of Josolyne & Co

Chartered Accountants
Statutory Auditor



Silk House
Park Green
Macclesfield
Cheshire
SK11 7QW

POWNALL HALL SCHOOL TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 24 AUGUST 2018

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>					
Gifts and special receipts	3	2,317	15,168	17,485	47,723
Incoming resources from charitable activities	4	1,855,569	-	1,855,569	1,560,099
Investment income	5	128	-	128	-
Other incoming resources	6	588,799	-	588,799	-
Total income		2,446,813	15,168	2,461,981	1,607,822
<u>Expenditure on:</u>					
Raising funds	7	17,998	-	17,998	20,203
Charitable activities	8	1,892,790	12,694	1,905,484	1,746,841
Other	12	148,566	-	148,566	49,038
Total resources expended		2,059,354	12,694	2,072,048	1,816,082
Net income/(expenditure) for the year/ Net movement in funds		387,459	2,474	389,933	(208,260)
Fund balances at 27 August 2017		(1,530,046)	193,458	(1,336,588)	(1,128,328)
Fund balances at 24 August 2018		(1,142,587)	195,932	(946,655)	(1,336,588)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

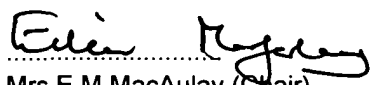
POWNALL HALL SCHOOL TRUST LIMITED

STATEMENT OF FINANCIAL POSITION

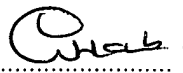
AS AT 24 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Property, plant and equipment	13		1,065,383		1,035,611
Current assets					
Trade and other receivables	15	26,230		25,568	
Cash at bank and in hand		231,198		291	
		257,428		25,859	
Current liabilities	16	(763,822)		(1,691,058)	
Net current liabilities			(506,394)		(1,665,199)
Total assets less current liabilities			558,989		(629,588)
Non-current liabilities	19		(1,505,644)		(707,000)
Net liabilities			(946,655)		(1,336,588)
Income funds					
Restricted funds	22		195,932		193,458
Unrestricted funds			(1,142,587)		(1,530,046)
			(946,655)		(1,336,588)

The financial statements were approved by the Governors on 29 November 2019



Mrs E M MacAulay (Chair)
Trustee



Mr G D Dawber
Trustee

Company Registration No. 00661518

POWNALL HALL SCHOOL TRUST LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 24 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	26		(106,101)		(132,970)
Investing activities					
Purchase of property, plant and equipment		(112,739)		(87,826)	
Proceeds on disposal of property, plant and equipment		588,799		-	
Interest received		128		-	
Net cash generated from/(used in) investing activities			476,188		(87,826)
Financing activities					
Increase/(repayment) of non bank borrowings		770,000		45,000	
Repayment of bank loans		(601,045)		(14,120)	
Increase/(repayment) of obligations under finance leases		43,526		-	
Net cash generated from financing activities			212,481		30,880
Net increase/(decrease) in cash and cash equivalents			582,568		(189,916)
Cash and cash equivalents at beginning of year			(351,370)		(161,454)
Cash and cash equivalents at end of year			231,198		(351,370)
Relating to:					
Bank balances and short term deposits			231,198		291
Bank overdrafts			-		(351,661)

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 24 AUGUST 2018

1 Accounting policies

Charity information

Pownall Hall School Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Pownall Hall School, Carrwood Road, Pownall Park, Wilmslow, Cheshire, SK9 5DW.

1.1 Accounting convention

The financial statements have been prepared in accordance with the school's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The school is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the school. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

As reported in the year ended 26 August 2017, our bankers, The Royal Bank of Scotland, asked the Governors to make alternative banking and financing arrangements for 2017/18.

As described more fully in the Governors' Report, during 2016/17 the Governors arranged interim financing of £1.6m which was received in October and November 2017. At that time all indebtedness to the School's bankers (RBS) and £300,000 of indebtedness to Governors and their families was repaid. The sale of surplus land was completed in February 2018 yielding net proceeds of approximately £590,000, £550,000 of which was used in part repayment of the interim financing. The current interim financing of £1.05m and the loans from Governors and their families currently standing at £403,000 are due for repayment on 31 January 2020. However, repayment of all loans has been deferred until 31st March 2021.

During 2020, the Governors will make arrangements for alternative funding of the School. Lloyds have orally indicated their willingness to consider replacing the interim funding based on the School's return to profitability in 2018/19 and 2019/20. The Governors will also revisit the funding offers received during 2017 with a view to continuation of the interim funding facilities as an alternative to clearing bank funding.

Forecasts prepared for the year ended August 2020 show the school returning to profitability with pupil numbers continuing the upward trend of previous years.

The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Governors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

General funds are available for use at the discretion of the Governing Body in furtherance of the general objectives of the school.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the school.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

1 Accounting policies

(Continued)

1.4 Incoming resources

Income is recognised when the school is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Fee income is recognised in the Statement of Financial Activities on the accruals basis. Fees received in advance of education to be provided in future years are held until either taken to income in the term or else refunded.

Cash donations are recognised on receipt. Other donations are recognised once the school has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the school has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Expenditure is accounted for on an accruals basis. The cost headings comprise expenditure, including staff costs and depreciation, directly attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a fair and reasonable basis.

Support costs comprise all services including an appropriate proportion of general overheads specifically identified as wholly or mainly incurred in support of the direct charitable expenditure.

Governance costs comprise the costs incurred in managing the schools assets, organisational management, administration of and compliance with the statutory requirements of the school.

Where overheads and other costs cannot be directly attributed they have been allocated on the basis of management estimates of the amount attributable to such activities, either by reference to staff time or space occupied, if material. Expenses are inclusive of VAT as it is irrecoverable.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	over 50 years
Prefab buildings	over 20 years
Fixtures, fittings, plant and equipment	over 10 years
Computers and office equipment	over 5 years
Motor vehicles	over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

1 Accounting policies

(Continued)

1.7 Impairment of non-current assets

At each reporting end date, the school reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The school has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the school's balance sheet when the school 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 legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the school's contractual obligations expire or are discharged or cancelled.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

1 Accounting policies

(Continued)

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the school is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The School participates in a multi employer pension scheme, the Government's Teachers Pension Defined Benefits Scheme, for its teaching staff. The pension liability is the responsibility of the Teachers' Pensions. As a result it is not possible to identify the assets and liabilities of the scheme that are attributable to the school. Accordingly, the scheme is accounted for as if it were a defined contributions scheme.

The school also contributes to defined contribution schemes for non-teaching staff. Contributions payable for the year are charged in the Statement of Financial Activities.

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.13 Fees in advance

Fees received in advance are deferred until such time that they become receivable, and are then recognised in the Statement of Financial Activities.

2 Critical accounting estimates and judgements

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

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

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

3 Gifts and special receipts

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Donations and gifts	2,317	15,168	17,485	47,723
For the year ended 26 August 2017	3,679	44,044		47,723

4 Incoming resources from charitable activities

	Gross fees	Less: Total bursaries, grants and allowances	Total 2018	Total 2017
	2018 £	2018 £	£	£
Sales within charitable activities	2,087,273	(239,697)	1,847,576	1,556,013
Other income	7,993	-	7,993	4,086
	2,095,266	(239,697)	1,855,569	1,560,099

5 Investment income

	Unrestricted funds	Total
	2018 £	2017 £
Interest receivable	128	-

6 Other incoming resources

	Unrestricted funds	Total
	2018 £	2017 £
Gain on disposal of land	625,000	-
Costs of land disposal	(36,201)	-
	588,799	-

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

6 Other incoming resources (Continued)

7 Raising funds

	Unrestricted funds	Total
	2018 £	2017 £
<u>Fundraising and publicity</u>		
Advertising	3,077	6,964
Other fundraising costs	14,921	13,239
	<hr/>	<hr/>
Fundraising and publicity	17,998	20,203
	<hr/>	<hr/>
	17,998	20,203
	<hr/>	<hr/>

8 Charitable activities

	Teaching	Premises	Support costs of schooling	Total 2018	Total 2017
	2018 £	2018 £	2018 £	£	£
Staff costs	1,159,984	16,675	205,339	1,381,998	1,241,461
Depreciation and impairment	43,886	37,950	1,131	82,967	66,240
Other charitable expenditure	57,991	179,812	186,488	424,291	415,684
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,261,861	234,437	392,958	1,889,256	1,723,385
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Share of governance costs (see note 9)	-	-	16,228	16,228	23,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,261,861	234,437	409,186	1,905,484	1,746,841
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Analysis by fund					
Unrestricted funds	1,261,561	222,043	409,186	1,892,790	1,735,366
Restricted funds	300	12,394	-	12,694	11,475
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,261,861	234,437	409,186	1,905,484	1,746,841
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
For the year ended 26 August 2017					
Unrestricted funds	1,102,053	199,939	433,374		1,735,366
Restricted funds	300	11,175	-		11,475
	<hr/>	<hr/>	<hr/>		<hr/>
	1,102,353	211,114	433,374		1,746,841
	<hr/>	<hr/>	<hr/>		<hr/>

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

9 Support costs

	Support costs £	Governance costs £	2018 £	2017 £	Basis of allocation
Staff costs	205,339	-	205,339	177,396	
Depreciation	1,131	-	1,131	1,155	
Printing, postage and office stationery	17,911	-	17,911	18,151	
Telephone costs	9,939	-	9,939	8,685	
Motor and travel	9,787	-	9,787	7,683	
School costs	59,561	-	59,561	53,870	
Computer costs	39,815	-	39,815	34,563	
Legal, professional and consultancy fees	7,605	-	7,605	86,118	
Equipment hire	8,578	-	8,578	7,798	
Bad and doubtful debts	21,616	-	21,616	7,319	
Subscriptions and donations	6,085	-	6,085	4,195	
Sundry expenses	5,591	-	5,591	2,985	
			-		
Audit fees	-	9,300	9,300	10,510	Governance
Accountancy	-	3,501	3,501	9,480	Governance
School inspection costs	-	3,427	3,427	3,466	Governance
	<u>392,958</u>	<u>16,228</u>	<u>409,186</u>	<u>433,374</u>	
Analysed between					
Charitable activities	<u>392,958</u>	<u>16,228</u>	<u>409,186</u>	<u>433,374</u>	

Governance costs includes payments to the auditors of £9,300 (2017- £10,510) for audit fees. In addition costs of £3,501 were incurred on accountancy, bookkeeping and payroll services (2017 - £9,480).

10 Governors

None of the Governors (or any persons connected with them) received any remuneration during the year and total reimbursed expenses amounted to £Nil.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Teaching staff	50	43
Support staff	10	10
	<u>60</u>	<u>53</u>

Employment costs

	2018 £	2017 £
Wages and salaries	1,178,624	1,057,564
Social security costs	91,216	85,484
Other pension costs	112,158	98,413
	<u>1,381,998</u>	<u>1,241,461</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2018 Number	2017 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

Of the employees whose emoluments exceed £60,000, 1 (2017 - 1) has retirement benefits accruing under a defined benefit pension scheme (TPS) described more fully in note 21.

12 Other

	2018 £	2017 £
Financing interest and charges	76,666	49,038
Costs of refinancing in year	71,900	-
	<u>148,566</u>	<u>49,038</u>

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

13 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings, plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 27 August 2017	1,453,033	751,239	33,489	2,237,761
Additions	14,391	71,348	27,000	112,739
Disposals	(1,000)	-	(33,489)	(34,489)
At 24 August 2018	1,466,424	822,587	27,000	2,316,011
Depreciation and impairment				
At 27 August 2017	592,856	575,805	33,489	1,202,150
Depreciation charged in the year	29,425	46,792	6,750	82,967
Eliminated in respect of disposals	(1,000)	-	(33,489)	(34,489)
At 24 August 2018	621,281	622,597	6,750	1,250,628
Carrying amount				
At 24 August 2018	845,143	199,990	20,250	1,065,383
At 26 August 2017	860,177	175,434	-	1,035,611

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £12,750 (2017 - £-) for the year.

	2018 £	2017 £
Motor vehicles	20,250	-
Computers and office equipment	24,000	30,000
	44,250	30,000

14 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	10,112	3,733
Carrying amount of financial liabilities		
Measured at amortised cost	1,824,180	2,028,301

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

15 Trade and other receivables

	2018	2017
	£	£
Amounts falling due within one year:		
Trade receivables	10,112	3,733
Prepayments and accrued income	16,118	21,835
	<u>26,230</u>	<u>25,568</u>

16 Current liabilities

	Notes	2018	2017
		£	£
Bank loans and overdrafts	17	-	952,706
Obligations under finance leases	18	20,882	6,000
Other taxation and social security		24,157	89,748
Deferred income	20	421,129	280,009
Trade payables		38,632	132,962
Other payables		108,983	74,323
Accruals		150,039	155,310
		<u>763,822</u>	<u>1,691,058</u>

Other payable includes deposits of £92,334 (2017 - £60,740) technically payable with one terms notice hence included as due in under 1 year, However, expectation is that these will be repaid over a number of years as each pupil leaves the school.

17 Borrowings

	2018	2017
	£	£
Bank overdrafts	-	351,661
Bank loans	-	601,045
Other loans	1,453,000	683,000
	<u>1,453,000</u>	<u>1,635,706</u>
Payable within one year	-	952,706
Payable after one year	1,453,000	683,000

The bank loans and overdraft were secured by a charge over the land, buildings, fixtures and equipment. The bank loans and overdrafts were been settled during the year following sale of a parcel of land and after obtaining alternative finance from a third party individual initially repayable 31st January 2020, but now extended to 31st March 2021.

The loan of £1,050,000 from a third party individual is secured by a legal charge over the property known as Pownall Hall School, Carrwood Road, Wilmslow, SK9 5DW.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

17 Borrowings

(Continued)

The loan from the third party individual carries an interest rate of 5% pa and has a repayment date of 31st March 2021.

The loans from the Governor's and their families carry an interest rate of 2.5% pa above base and are repayable not before 31st March 2021.

18 Finance lease commitments

Future minimum lease payments due under finance leases:

	2018 £	2017 £
Within one year	25,765	7,505
Within two and five years	64,550	30,021
	<u>90,315</u>	<u>37,526</u>
Less: future finance charges	(16,789)	(7,526)
	<u>73,526</u>	<u>30,000</u>

The above represents finance leases to acquire equipment and motor vehicles entered into for a term of 3 or 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance lease creditors are secured over the assets to which they relate.

19 Non-current liabilities

	Notes	2018 £	2017 £
Obligations under finance leases	18	52,644	24,000
Borrowings		1,453,000	683,000
		<u>1,505,644</u>	<u>707,000</u>

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

20 Deferred income

	2018 £	2017 £
Arising from Advance fees and deposits	421,129	280,009

Fees in advance movement

	2018 £
Brought forward 29th August 2016	280,009
Utilised in year	(280,009)
Received in the year	421,129
Carried forward at 26th August 2017	421,129

Parents may enter into an agreement to pay the school fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as above.

In addition the school receive advance payments from both local authorities for the Early years pupils and from parents prior to the start of the Michaelmas term in September.

21 Retirement benefit schemes

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 scheme of £109,168 (2017 - £96,288) and at the year end contributions of £14,407 (2017 - £12,538 accrued in respect of contributions to the scheme).

The TPS is an unfunded multi-employer defined benefits scheme governed by the Teachers' Pension Scheme Regulations 2014. 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 following scheme valuations undertaken by the Government Actuary's Department. The latest 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 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 1st September 2019 when following completion of the actuarial valuation to 31st March 2016 the employers contribution rate has been increased to a total of 23.68%.

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.

The School also runs a group personal pension scheme for its non-teaching staff. The cost for the year represents the School's contributions to this scheme.

The charge to profit or loss in respect of defined contribution schemes was £2,990 (2017 - £2,125). and at the year end £836 was accrued in respect of contributions to this scheme.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

22 Restricted funds

The funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes. The expended resources relate to the depreciation charges for the period and repair work undertaken in the year. At the year end, unexpended income was £195,932(2017 - £193,458)

	Movement in funds			Balance at 24 August 2018
	Balance at 27 August 2017	Incoming resources	Resources expended	
	£	£	£	£
Roof appeal	95,330	-	(2,576)	92,754
Playmatt Netball/Tennis court	21,463	-	(537)	20,926
Cheshire East Council Quality Improvement Grant	1,936	-	(967)	969
Playground	13,302	-	(2,217)	11,085
ICT software (Fuze)	300	-	(300)	-
EYFS Canopy and play area	19,091	-	(2,620)	16,471
Nursery canopy	5,007	-	(1,252)	3,755
Astro turf	37,029	-	(756)	36,273
Outdoor classroom and lighting	-	15,168	(1,469)	13,699
	<u>193,458</u>	<u>15,168</u>	<u>(12,694)</u>	<u>195,932</u>

23 Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Fund balances at 24 August 2018 are represented by:				
Property, plant and equipment	869,451	195,932	1,065,383	1,035,611
Current assets/(liabilities)	(506,394)	-	(506,394)	(1,665,199)
Long term liabilities	(1,505,644)	-	(1,505,644)	(707,000)
	<u>(1,142,587)</u>	<u>195,932</u>	<u>(946,655)</u>	<u>(1,336,588)</u>

Restricted Funds are funds which have been given for particular purposes and projects. The restricted fund must be used for the purpose specified ie; roof appeal, the netball court, nursery play floor, Bay Window repairs, Pupil playground, quality improvement, ICT software and Early Years Foundation Stage canopy and play area.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

24 Operating lease commitments

At the reporting end date the school had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	8,415	10,104
Between two and five years	10,294	17,509
	<u>18,709</u>	<u>27,613</u>

The operating leases represent leases of telephones, copiers and computer equipment from third parties. The leases are negotiated over terms of 5 years and rentals are fixed for this period.

Amounts recognised in the Statement of Financial Activities for the year was £10,104 (2017 - £9,849).

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

25 Related party transactions

Gorvins solicitors - a company of which Governor M. Morris is a Director

	During year	Balance at
	£	year end
		£
Legal and professional fees	30,606	-
	<u>30,606</u>	<u>-</u>

The majority of the above costs were incurred in connection with the land sale and refinancing exercise.

Loans

During this and previous years, the school received additional loans from Governor Mr G D Dawber's immediate family shown in other loans in note 16 and from the Chair of Governors Mrs E M MacAulay. These loans remain outstanding as follows:

Loans from the family of Mr G D Dawber

Loans received in period to 30th August 2013

	£Interest rate payable
A Dawber (Mr Dawber's wife)	Base rate plus 125,0002.5% pa
G Dawber (Mr Dawber's son)	60,000Base rate plus 2.5% pa
	<u>185,000</u>
Dawber family loans - August 2013	<u>185,000</u>

Loans received in period to 29th August 2014

	£Interest rate payable
A Dawber (Mr Dawber's wife)	Base rate plus 2.5% pa 165,000
G Dawber (Mr Dawber's son)	Base rate plus 2.5% pa 60,000
	<u>225,000</u>
Dawber family loans - August 2014	<u>225,000</u>

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

25 Related party transactions

(Continued)

Loans received in period to 28th August 2015

	£Interest rate payable
A Dawber (Mr Dawber's wife)	50,000Base rate plus 2.5% pa
G Dawber (Mr Dawber's son)	-Base rate plus 2.5% pa
Dawber family loans - August 2015	50,000

Loans received in period to 28th August 2016

	£Interest rate payable
A Dawber (Mr Dawber's wife)	53,000Base rate plus 2.5% pa
G Dawber (Mr Dawber's son)	-Base rate plus 2.5% pa
Dawber family loans - August 2016	53,000

Loans received in period to 26th August 2017

	£Interest rate payable
A Dawber (Mr Dawber's wife)	30,000Base rate plus 2.5% pa
G Dawber (Mr Dawber's son)	-Base rate plus 2.5% pa
Repayments of short term loans in the period	(25,000)
Dawber family loans - August 2017	5,000

Loans received in period to 24th August 2018

	£Interest rate payable
A Dawber (Mr Dawber's wife)	-Base rate plus 2.5% pa
G Dawber (Mr Dawber's son)	-Base rate plus 2.5% pa
Repayments of loans in the period	(195,000)
Dawber family loans net repayment - August 2018	(195,000)

Total balance due to family of Mr G D Dawber

323,000

Analysed as follows:

Short term loan within other creditors	-
Long term loan	323,000
	323,000

The full amount of £323,000 due to the Dawber family was outstanding as at 24th August 2018.

The whole of the above loans have been classified as long term representing conditions existing at the balance sheet date.

This balance will not be repaid before 31st March 2021 unless alternative long term finance is agreed.

The terms of the loans, including interest rate payable, were approved by the Governors (excluding Mr Dawber) having regards to prevailing rates for loans and deposits.

Interest of £26,165 has been paid during the year and further interest totalling £26,715 is accrued at the year end.

The interest charge for the period in relation to the above loans is £11,545.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

25 Related party transactions

(Continued)

Loans from Mrs E M MacAulay

Loans received in period to 29th August 2014

Mrs E MacAulay (Chair of Board of Governors)

£Interest rate payable
40,000 Base rate plus 2.5% pa

Loans received in period to 28th August 2015

Mrs E MacAulay (Chair of Board of Governors)

£Interest rate payable
40,000 Base rate plus 2.5% pa

Loans received in period to 28th August 2016

Mrs E MacAulay (Chair of Board of Governors)

£Interest rate payable
125,000 Base rate plus 2.5% pa

Loans received in period to 26th August 2017

Mrs E MacAulay (Chair of Board of Governors)

£Interest rate payable
70,000 Base rate plus 2.5% pa

Repayments of short term loans in the period

(110,000)

Net repayment for period ended August 2017

(40,000)

Loans received in period to 24th August 2018

Mrs E MacAulay (Chair of Board of Governors)

£Interest rate payable
20,000 Base rate plus 2.5% pa

Repayments of loans in the period

(105,000)

Net repayment for period ended August 2018

(85,000)

Total balance due to Mrs E M MacAulay

80,000

Analysed as follows:

Short term loan within other loans

-

Long term loan

80,000

80,000

The full amount of £80,000 due to Mrs E M MacAulay was outstanding as at 24th August 2018.

The whole of the above loan has been classified as long term representing conditions existing at the balance sheet date.

This balance will not be repaid before 31st March 2021 unless alternative long term finance is agreed.

The terms of the loans, including interest rate payable, were approved by the Governors (excluding Mrs MacAulay) having regards to prevailing rates for loans and deposits.

Interest of £3,737 has been paid during the year and further interest totalling £8,116 is accrued as at August 2018.

The interest charge for the period in relation to the above loans is £3,127.

POWNALL HALL SCHOOL TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 24 AUGUST 2018

26	Cash generated from operations	2018 £	2017 £
	Surplus/(deficit) for the year	389,933	(208,260)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(128)	-
	Gain on disposal of property, plant and equipment	(588,799)	-
	Depreciation and impairment of property, plant and equipment	82,967	66,240
	Movements in working capital:		
	(Increase)/decrease in inventories	-	1,750
	(Increase)/decrease in trade and other receivables	(662)	2,259
	(Decrease) in trade and other payables	(130,532)	(28,086)
	Increase in deferred income	141,120	33,127
	Cash absorbed by operations	<u>(106,101)</u>	<u>(132,970)</u>