

LOCHINVER HOUSE SCHOOL

England & Wales · Charity number 1091045

Details

Status Registered

Legal form Charitable company

Company number [04374254](#)

Registered 2002-03-12

Register [View on the Charity Commission register](#)

Contact

Address Lochinver House School
Heath Road
Potters Bar
EN6 1LW

Phone 01707642560

Email jlong@lochinverhouse.com

Website <http://www.lochinverhouse.com>

Activities

Objects: The objects of the Charity (the "Objects") are to advance education for the public benefit, including (but not limited to) the operation of the school known as Lochinver House School, Potters Bar.

Activities: The provision of education for boys between the ages of 4 - 13 years.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training
- **Who:** Children/young People

Geography

- **Area of benefit:** HERTFORDSHIRE
- Hertfordshire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£5,748,938	£5,918,902	£9,528,827	95
2024-08-31	£5,824,940	£5,896,333	£9,698,791	95
2023-08-31	£5,514,176	£5,392,042	£9,770,184	105
2022-08-31	£5,181,879	£4,948,249	£9,648,050	119
2021-08-31	£4,914,154	£4,529,578	£9,414,420	119
2020-08-31	£4,498,795	£4,326,900	£9,029,844	89

Trustees

Name	Role	Appointed
Abhishek Sachdev		2025-09-01
Andrew Walker		2021-05-05
David Alan Martin		2025-09-01
David Stuart Thompson		2025-09-01
Helen Louise Rosethorn		2025-09-01
James Le Couilliard		2014-11-12
Katharine Owen		2024-09-01

Accounts

DRAFT

**LOCHINVER HOUSE SCHOOL
(Limited by guarantee)**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

**Charity Number: 1091045
Company Number: 04374254**

As Headmaster, I am delighted to report on another remarkable year at Lochinver House, one that has seen our school community continue to flourish and take confident strides into an exciting new chapter of its story. Throughout the year, our pupils, staff, and parents have demonstrated the values that define Lochinver House; Kindness, Honesty, and Respect, ensuring that the spirit of our school remains strong, inclusive, and forward-looking.

Our ethos remains rooted in nurturing each child to feel valued, supported, and inspired to achieve their very best. Whether in the classroom, on the sports field, in the concert hall, or through our wide range of co-curricular opportunities, pupils have continued to approach every challenge with enthusiasm, courage, and a sense of curiosity. Their achievements are a source of great pride and a testament to the exceptional care and dedication of our staff.

This year has been particularly notable for the successful launch of *Little Lochies*, our new nursery provision for three and four-year-olds. From its opening in September 2024, Little Lochies has thrived as a warm, nurturing environment where our youngest learners take their first joyful steps into education, supported by an ambitious programme of learning. The positive response from parents and the happy, confident children who fill the nursery each day confirm the success of this exciting addition to our school.

Looking ahead, the academic year 2024–25 will also be remembered for the introduction of girls into *Reception* and *Little Lochies* from September 2025; the first girls to join Lochinver House in its proud history. This development marks a natural and thoughtful evolution for our school. We have already begun a series of engaging events to welcome our newest members and their families into the community, ensuring that every pupil continues to feel that vital sense of belonging that defines the Lochinver experience. The enthusiasm and interest from prospective families has been overwhelmingly positive, reaffirming our belief that co-education will strengthen and enrich our school community.

Perhaps the most significant milestone of this year came in May 2025, with the announcement of our merger with *Haberdashers' Elstree Schools* from September 2025. This partnership represents a bold and visionary step in Lochinver House's continued journey from strength to strength. In a period of increasing uncertainty across the independent education sector, this merger demonstrates a shared confidence in our future and a commitment to providing the very best education, academically, pastorally, and in personal development, for generations to come. The values and ethos of both schools are closely aligned, and together we will be able to offer even greater opportunities to our pupils, ensuring that they continue to flourish in a dynamic and inspiring environment.

Amidst these exciting developments, the essence of Lochinver House remains unchanged: a community where every child is known, encouraged, and challenged to become the very best version of themselves. Our vision: *"a school that shapes global citizens, empowered with the skills and knowledge to make a positive difference in the world"* continues to guide every aspect of our work.

The continued strength of our academic results, the breadth of our co-curricular programme, and the warmth of our school community reflect the dedication of our staff, the support of our parents, and the remarkable energy of our pupils. Together, they embody the spirit of Lochinver House; a school that looks to the future with optimism, purpose, and ambition.

In summary, the 2024–25 year has been one of success, innovation, and exciting transformation. I am deeply grateful to all the staff, parents and pupils who have contributed to our ongoing story and to the bright future that lies ahead.

Jonathan Wadge

Headmaster

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2025

The Directors present their report and audited financial statements for the year ended 31 August 2025.

Reference and Administrative Information

Lochinver House School was founded by Trust Deed in 1947. A Company Limited by Guarantee, Lochinver House School, was incorporated on 14 February 2002 to own and manage the school. The assets and liabilities of the school were transferred from Lochinver House School Trust to the Limited Company on 1 April 2002 when it commenced its educational activities. The school is a registered charity, number 1091045 and is constituted as a company limited by guarantee. Its objects, powers and other constitutional matters are set out in its Memorandum and Articles of Association. It is governed by a Board of Governors which is responsible for setting the strategic direction of the school and for establishing policy. The financial statements and report comply with the current statutory Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), The Charities Act 2011 and the Companies Act 2006.

Directors

The governing body of the company is known as the Board of Governors. The Members of the Board are also the charity Governors for the purposes of charity law and Directors for the purpose of company law. During the year ended 31 August 2025 they were also the company's members. Throughout this report they are collectively referred to as the Governors. Those who served during the year and since the year end were:

H Rosethorn	Chair - Appointed 1 September 2025
N Gilbert	Chair – Resigned 1 September 2025
A Walker	Vice Chair
D A Taylor	Resigned 11 December 2024
B Aitken	Resigned 1 September 2025
H Chapman	Resigned 1 September 2025
D Hamalis	Resigned 1 September 2025
S Joshi	Resigned 1 September 2025
R Lane	Resigned 1 September 2025
J Le Couilliard	
D Martin	Appointed 1 September 2025
C Mills	Resigned 15 November 2024
K Owen	
A Sachdev	Appointed 1 September 2025
G Sriskanthan	Resigned 1 September 2025
D Thompson	Appointed 1 September 2025
J Taylor-Cummings	Resigned 1 September 2025
A Ward	Resigned 1 September 2025

The Governors are elected at a full Governors' Meeting for a term of three years. They can be re-elected for up to three further consecutive terms of three years but shall not then be eligible for re-election without a break of at least twelve calendar months except by resolution of the Board.

On 1 September 2025, the Worshipful Company of Haberdashers became the sole member of the company.

Key Executives and Professional Advisers

The Head	J Wadge BA (Hons), PGCE, NPQH
Bursar / Company Secretary	J Stronach
Address	Lochinver House School Heath Road Little Heath Potters Bar Hertfordshire EN6 1LW
Bankers	National Westminster Bank Commercial Banking 1st Floor 30 Clarendon Road Watford, Hertfordshire WD17 1GQ
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
Auditors	Haysmac LLP 10 Queen Street Place London EC4R 1AG

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

Structure, Governance and Management

Governing Document

The Company is governed by its Articles of Association. The Articles were reviewed and updated in 2025. The objects of the Company are 'to advance education for the public benefit, including (but not limited to) the operation of the school known as Lochinver House School, Potters Bar'.

Governing Body

The Governors are Directors and are elected at a meeting of the Board of Governors. Governors are recruited by nomination taking regard of special skills, personal qualities and the principles of diversity and inclusion to ensure that the Board retains an effective balance of expertise to strengthen the management of the Charity and reflects the composition of its stakeholders. Governors are eligible to serve for an initial period of three years.

Governor Training

New Governors are provided with an induction pack containing Board policy and procedures, schemes of governance and information regarding the work and operations of the School. Governors are encouraged to attend suitable training courses which deal with their responsibilities in relation to the Companies Act, Charity Law and Department for Education requirements as the need arises and are encouraged to attend new Governor induction courses.

Organisational Management

There are normally three full Board Meetings each year where the Governors meet and review the policies of the Charity for which they are responsible. The Finance and General Purposes Committee meet to review budgets, accounts and reports and makes recommendations to the Board of Governors. The Governors have a programme of regular visits to the school to witness and monitor the charity's work in action. Day to day running of the School is delegated to the Head and the Bursar, supported by the School Senior Leadership Team.

The school, through its officers, is represented in several organisations including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Association of Prep Schools (IAPS) and the Independent Schools' Bursars' Association (ISBA).

Structure and Relationships

The Head is an active member of IAPS which promotes and maintains standards in preparatory schools. The school takes an active part in numerous professional studies for the evaluation of quality and performance.

We co-operate with as many local charities, clubs and associations as we can to widen public access to the education we provide and promote the educational benefits of using our sporting facilities. We have an arrangement with a local state junior school that use our science laboratories each week which makes a positive contribution to their education.

Objects, Public Benefit, Aims, Objectives and Principal Activities

The school's aim is to provide public benefit, in compliance with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance, and in accordance with its Articles of Association, which is to advance education through the operation of Lochinver House School.

Strategic Aim and Intended Effect

The Board's strategic aim is to reach its annual objective for the public benefit as a charitable Independent School through the provision of a high-quality education for children between the ages of four and thirteen to allow them to achieve the highest academic standards in preparation for entry into the senior school of their own and their parents' choice.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

Our wider admission policy enables us to help a small number of children from lower income or otherwise disadvantaged families to benefit from the core educational provision and the extracurricular programme. The school also aims to draw out all children's abilities and academic potential and to develop their wider interests in life within a secure and stable environment to enable them to participate in society and their community.

Principal Activity

The school's principal activity continues to be the provision of an excellent standard of education for children aged four to thirteen.

Objectives

The Board's main objective is to educate all pupils to a high standard each year, which benefits their chosen senior school for the completion of their education. The school is in the process of developing a new five-year strategy under the leadership of the new Head. The school is committed to reviewing its academic syllabus and teaching methods. The facilities are upgraded regularly to provide modern buildings and amenities, which stimulate the pupils in all areas of their development.

The Board's other objective is to develop bursaries with a view to further increasing the School's intake of children from lower income families and to extend working arrangements with other charities and state schools to provide access to our facilities for those who cannot come to the School itself. We set aside funds for bursary awards to help a few children in need of assistance with school fees.

Review of Achievements and Performance for the Year

Academic

The achievements of pupils demonstrate the school's continued success. Lochinver pupils are in demand and in the last 10 years we have sent them to over 20 different schools. Our leavers gain successful entry to their chosen senior schools. In the last year 27 boys transitioned at 13+: Aldenham 2, Haileybury 3, Mill Hill 2, Merchant Taylors 1, St Albans 13, St Columba's College 2, St Margaret's 2, St Edmund's 2. A further 24 boys left us at 11+: Aldenham 2, Ashmole Academy 1, Chancellors 2, Dame Alice Owen 2, Haberdashers' Boys 5, Haileybury 2, Latymer 1, Merchant Taylors' 2, Richard Hale 1, St Albans School 7. In each year group 4 scholarships were awarded to our pupils. These accomplishments have been made possible by the recruitment of the highest quality staff and by maintaining a high teacher to pupil ratio which ensures that teaching methods can be suited to individual needs. Teaching staff regularly attend training courses to enhance their personal performance and to improve the quality of the curriculum. The school reviews its academic syllabus and teaching methods to benchmark standards and value-added criteria.

Extra-Curricular activities

During the year the School ran a range of overseas trips alongside a full summer programme of UK-based, term-time residential visits available to every pupil in Years 3–8. We sustained a broad extra-curricular offer to maximise opportunities for pupils, delivering a variety of educational visits. Extended care at the start and end of the day continued to enhance pupils' experiences and provide vital support for working parents. Music at the School remains strong, with high participation levels. Many children take instrumental lessons and around half of those learn two or more instruments, progressing to ABRSM graded exams. Our weekly composition club, which builds on classroom work and uses Sibelius software, culminated in pupils hearing their own pieces performed by a visiting professional string quartet. The School continues to field a very large number of sports teams, balancing inclusive participation with high-performance opportunities. This year we again competed widely against other schools across basketball, rugby, football, athletics, cricket and cross country.

Developments in the School

We continue to improve the school buildings and grounds to make day-to-day life better for pupils and staff.

- Roofs were renewed over the theatre foyer and the Art room.
- More pupil toilets in the Salter building were installed and replaced to improve capacity and comfort.
- The kitchen servery and the school gates were replaced.
- The IT classroom was refurbished and redecorated to create a better learning space.
- The playground was upgraded and new equipment added, including a climbing wall.
- Our Forest School area has new play features and plans are in place to plant trees and hedges.
- With help from the PTA we created a Quiet or Meditation garden for outdoor study and reflection.

Public Benefit

The Governors have considered the requirements explained in guidance produced by the Charity Commission, on their duty to report in the Annual Report on public benefit.

Bursaries

The Governors recognise that the level of independent education fees may exclude many children from applying for a place at the School but they are committed to widening the access to the education offered. Accordingly, the Governors set a fixed sum to provide bursaries for those children whose parents could otherwise not afford to send them to our School. The Governors have a formal Bursary Policy and a Bursary Award Committee assesses all applications and report to the Board. Details of bursaries are included on the School Website. The Governors budgeted £157,080 for bursaries in 2024/2025 (2023/2024: £110,000) an amount which is reviewed on an annual basis.

In 2024/25 the School supported thirteen (2023/24: eleven) pupils through our Bursary Scheme. The support which is available on a needs basis as determined by the Governors' Bursary Award Committee reduced annual income from scale fees by £123,014 (2023/24 £127,436). The Governors have increased the level of funding for bursaries for the financial year 24/25 and continue to seek to recruit bursary candidates via the Admissions process.

Other Public Benefit

The school continues to support various good causes via the Year 8 Charities. The donations support various national and local charities which benefit the community. In 2024/23 the charities were Anthony Nolan (stem cell transplant), Pumping Marvellous (heart) and The Children's Cancer & Leukaemia Group. The School hosted a Rugby Dinner to raise funds to support a school in South Africa to seed a playing field.

The facilities of the school are made available to outside organisations to benefit the education of children and adults. School links with the community continue with our association with the local youth organisations. We also have strong links with the residents' association, printing their newsletters in-house.

Equality Diversity and Inclusion (EDI)

The Board views EDI as an "all school" strategic priority in which all stakeholders are involved in the development and implementation, allowing us to gain a better understanding of the lived experiences of our pupils, staff, parents and community. Our EDI strategy sits alongside our Equal Opportunities Policies. A key mission is to achieve an enriched community becoming more equitable, diverse and inclusive; strengthened and anchored by our Core Values of Honesty, Kindness and Respect.

Charity Fundraising

The school has not made any fundraising appeals to the public during the year and is unlikely to do so in the future. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

Volunteers

Volunteers from the parent body continue to be an essential part of school life, regularly helping in classrooms and supporting our educational programme. Their time and commitment, particularly those who provide one-to-one reading support, make a real difference to the quality of education we offer, and the Governors warmly thank everyone who contributes.

The Parent Teacher Association meets regularly to organise and run social fundraising events. In 2024/25 their activities included a MacMillan coffee morning, the Christmas Fayre including charity Christmas cards designed by the children, Family Bingo, an Easter Egg Hunt, and the Summer Fete.

Looking ahead

With effect from 1 September 2025, Lochinver House School entered a formal partnership with Haberdashers School. The arrangement comprises two stages: (1) the establishment of a new governing body, incorporating the existing governors of Lochinver House and a Chair and majority of governors nominated by Haberdashers; and (2) a subsequent merger with Haberdasher Elstree Schools to be completed in a later phase.

The new governing body will assume strategic oversight of Lochinver House with immediate effect. The governors welcome the appointment of Helen Rosethorn as Chair, whose leadership will support the governing body during the transition period and the implementation of the partnership's strategic objectives. This forward-looking partnership with Haberdashers School, whose supportive collaboration will strengthen our curriculum, pastoral provision, and strategic development, ensuring the best possible future for our pupils.

We are also delighted to welcome girls to our School for the first time for the start of the autumn term as the school becomes co-educational. This change strengthens our community, enriches classroom life, and broadens opportunities for every pupil. Our staff, governors, pupils and parents, look forward to a year of exciting and positive change, high standards and a stronger, more inclusive school community.

Financial Results

The results are shown in the accompanying financial statements on pages 14 to 27. During the financial year, the School generated income of £5,748,938 (2024: £5,824,194) from school activities.

Expenditure of £5,918,902 (2024: £5,896,333) was incurred.

Additions to fixed assets totalled £462,121 (2024: £244,412) and included £51,455 (2024: £47,963) for computer equipment, £197,912 (2024: £112,003) on building improvements and equipment, £nil (2024: £28,740) on motor vehicles, and £212,754 (2024: £55,706) on fixtures & fittings.

The School has an objective to achieve a surplus each year to ensure that there are sufficient reserves to manage the School prudently and to provide funds for future capital expenditure. The accumulation of reserves to date enables the ongoing implementation of the School's Development Plan. However, in the year under review there was a deficit of £169,964 (2024: deficit of £71,393) because of several non-recurring costs including legal fees to support the merger with Haberdashers School.

Notes 13 to 16 split the reserves between those held for a specific purpose (restricted funds) and those available for the day-to-day requirements of the School (unrestricted funds). The School's assets are considered sufficient to meet its obligations.

Key management personnel

The Governors have identified the Head and Bursar as key management personnel. The salary of these key management personnel is set by the Board of Governors after assessing their performance and reviewing market benchmarks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

Investment Performance

The Articles of Association permit funds to be invested in such investments, securities and property as may be thought fit. At present investment income is generated by placing funds with up to three separate banks to minimise risk, as determined by the Bursar, to whom such responsibilities are delegated by the Governors under the Terms of Reference of the Treasury Policy.

Resources and reserve policy

The school's unrestricted funds represent general reserves to cover normal fluctuations in working capital, to finance the continuing development of the School and to help fund provision for bursaries. As a minimum they should be three months of normal expenditure. The balance is £9,521,079 (2024: £9,691,021). The balance of restricted funds is £7,748 (2024: £7,770) which represent funds raised by the children for external charitable purposes.

Principal Risks & Uncertainties - update

The Governors carry out regular reviews of the school's activities and operations. As part of that review process the Nominations and Governance Committee reviewed the actions taken, or proposed to be taken, by the School to identify and manage the main risks to which the School is exposed. Through the reports and recommendations of the Nominations and Governance Committee, the Governors monitor the effectiveness of the school's internal policies and procedures for the management of such risks, including the adequacy of the school's insurance cover.

The school has identified the following as the principal risks it faces: –

- The turmoil in the sector that has resulted from the current government's introduction of VAT on School fees, the removal of the Business rates relief and the increase in National Insurance on the employment of staff. Recognising the dynamic shifts taking place in the sector, the Governors concluded their monitoring of the market and commenced and concluded work to find the best partner school to join with to protect and enhance the future growth and prosperity of Lochinver House School.
- Maintaining pupil numbers when birth rates are declining nationally poses a financial risk. We also know that the imposition of VAT on school fees puts further pressure on parents, many of whom are already making significant sacrifices to support the cost of the children's education. Strategies for managing this risk included the introduction of Little Lochies in September 2024 and the move to coeducation in the current year. We have also invested in a new website and additional marketing to assist in pupil recruitment and retention.
- The capacity of the school to adapt practically and efficiently to changes in the legislative requirements for the education and charity sectors. Strategies for managing this risk include detailed financial planning to ensure that the school has robust plans to mitigate external changes to parent's ability to afford the School fees. The School also has a dedicated HR & Compliance Manager and compliance is addressed at every meeting of the Board of Governors. Senior staff and Governors undertake frequent training and receive sector updates to ensure they remain well informed of upcoming legislative changes.

The Board recognises that it is impossible to guarantee that all risk has been eliminated entirely but strives to ensure strategies, systems and plans are in place to mitigate identifiable risks.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also Directors of Lochinver House School for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions, 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.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

AUDITOR

Haysmac LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving this Governors Report, the Board are also approving the Strategic Report included herein their capacity as company directors.

Approved by the Board of Directors at its meeting on

and signed on its behalf by:

Helen Rosethorn
Chair

Opinion

We have audited the financial statements of Lochinver House School for the year ended 31 August 2025 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2025 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which includes the strategic report and the directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 10, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to ISI regulations, health and safety law, safeguarding regulations, GDPR and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 211 and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journals to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.

Thomas Wilson (Senior Statutory Auditor)
For and behalf of Haysmac LLP, Statutory Auditor
Date

10 Queen Street Place
London
EC4R 1AG

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2025

	Note	Restricted Fund £	Unrestricted Fund £	Total 2025 £	Total 2024 £
INCOME FROM:					
Voluntary Income					
Donations		8,978	53,811	62,789	20,730
Charitable activities					
School Fees receivable	2		5,326,712	5,326,712	5,508,912
Registration fees and other income	3		270,725	270,725	184,581
Other trading activities					
Rents and lettings			7,294	7,294	13,067
Investment income	6	-	81,418	81,418	87,888
Other Income		-	-	-	9,762
Total income		<u>£8,978</u>	<u>£5,739,960</u>	<u>£5,748,938</u>	<u>£5,824,940</u>
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		9,000	5,909,902	5,918,902	5,896,333
Total expenditure	7	<u>9,000</u>	<u>5,909,902</u>	<u>5,918,902</u>	<u>5,896,333</u>
Net (expenditure)/income		(22)	(169,942)	(169,964)	(71,393)
Transfers between funds		-	-	-	-
Net movement in funds		<u>(22)</u>	<u>(169,942)</u>	<u>(169,964)</u>	<u>(71,393)</u>
Balances brought forward		<u>7,770</u>	<u>9,691,021</u>	<u>9,698,791</u>	<u>9,770,184</u>
Balances at carried forward	13	<u>£7,748</u>	<u>£9,521,079</u>	<u>£9,528,827</u>	<u>£9,698,791</u>

There were no acquisitions or discontinued activities during the year. There were no other recognised gains or losses during the year.

The accompanying notes form part of these accounts.

BALANCE SHEET

AS AT 31 AUGUST 2025

	Notes	£	2025	£	£	2024	£
FIXED ASSETS							
Tangible assets							
School land, buildings and equipment	9		6,485,707			6,397,336	
CURRENT ASSETS							
Debtors	10		2,124,684			203,635	
Cash at bank and in hand			3,860,414			4,364,304	
			5,985,098			4,567,939	
CREDITORS: amounts falling due within one year	11		(2,792,092)			(1,120,609)	
NET CURRENT ASSETS					3,193,006		3,447,330
TOTAL ASSETS LESS CURRENT LIABILITIES							
							9,844,666
					9,678,713		
CREDITORS: amounts falling due after one year	12		(149,886)			(145,875)	
TOTAL NET ASSETS					£9,528,827		£9,698,791
CAPITAL AND RESERVES							
Unrestricted funds	13						
General funds	15			9,521,079			9,691,021
				9,521,079			9,691,021
Restricted funds	16			7,748			7,770
				£9,528,827			£9,698,791

Approved by the Board of Directors at its meeting on
by:

and signed below on its behalf

H Rosethorn
Chair of Governors

LOCHINVER HOUSE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2025

		2025 £	2024 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	(125,287)	(364,877)
Cash flows from investing activities:			
Interest received		81,418	87,888
Proceeds from sale of fixed assets		2,100	17,401
Payments for tangible fixed assets		(462,121)	(244,412)
Net cash used in investing activities		(378,603)	(139,123)
Change in cash in the reporting year		(503,890)	(504,000)
Cash at the beginning of the reporting year		4,364,304	4,868,304
Cash at the end of the reporting year	B	£3,860,414	£4,364,304

A.Reconciliation of net income to net cash flow from operating activities

	2025 £	2024 £
Net (deficit) income for the reporting year (as per the statement of financial activities)	(169,964)	(71,393)
Adjustments for:		
Depreciation charges	325,283	291,206
Loss (Profit) on disposal of fixed assets	46,367	(9,762)
Interest received	(81,418)	(87,888)
(Increase) in Debtors	(1,921,049)	(43,409)
(Decrease) Increase in creditors	1,675,494	(443,631)
Net cash provided by operating activities	£ (125,287)	£ (364,877)

B.Analysis of cash and cash equivalents

	2025 £	2024 £
Cash at bank	3,860,414	4,364,304
Total cash and cash equivalents	£3,860,414	£4,364,304

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the school is considered to be GBP because that is the currency of the primary economic environment in which the school operates.

The school is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee (company number: 04374254 and charity number: 1091045).

a) Basis of preparation

The accounts are prepared under the historical cost convention.

b) Going concern

Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the Governors have an expectation that the school has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 11. As of 1st September 2025 Lochinver House school has commenced a merger with the Haberdashers' Elstree Schools. The merger will be created in two stages. The first stage has been completed with the Worshipful Company of Haberdashers becoming the sole member of Lochinver House School on 1st September 2025. The second stage will see Lochinver House School merged with the Haberdashers' Elstree Schools. This is hoped to further strengthen the longer-term financial stability and future of the school.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affected current and future years.

Judgements made by the Governors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

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

d) Fees and Similar Income

Fees receivable and other fees are accounted for in the year in which the service is provided. Fees receivable represent fees less bursaries and allowances and other income derived from the School's continuing activities.

e) Investment income

Investment income from bank balances and fixed interest securities is accounted for on an accruals basis.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2025

1. ACCOUNTING POLICIES (continued)

f) Donations, legacies, grants and other voluntary income

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

g) Expenditure

Expenditure is accounted for on an accruals basis and are allocated to expense headings on a direct cost basis. The irrecoverable VAT is included with the item of expense to which it relates. Governance costs comprise costs incurred in meeting statutory and constitutional requirements of the School.

h) Tangible Fixed Assets

No depreciation is provided on freehold land. For all other assets, depreciation is calculated to write off the cost of the item over the anticipated useful life as follows:

Freehold buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Long-term fixtures, fittings and equipment	4% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% reducing balance basis

Items costing less than £1,000 are written off as an expense as acquired. Items are depreciated only for six months in the year of acquisition.

i) Pension contributions

The company contributes to the Teachers' Pension Scheme at rates set by the scheme actuary. It is part of a multi-employer scheme and it is not possible to attribute a value to the scheme assets and liabilities which would be appropriate to the company. In accordance with FRS 102 the scheme is accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

With effect from 1 August 2024, the school's pension provider for teachers joining the School and for teachers choosing to opt out of the Teachers' Pension Scheme is the Aviva Pension Trust for Independent Schools (APTIS). The company also contributes to personal pension schemes for non-teaching staff (Scottish Widows) and contributions to both these schemes are charged to the Statement of Financial Activities in the year in which they are incurred.

j) Unrestricted Funds

Unrestricted Funds are funds applied at the discretion of the Governors in furtherance of the objects of the School.

k) Restricted funds

This represents the monies received for specific purposes as disclosed in note 16.

l) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised apart from investments which are held at fair value. Financial assets held amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions

1. ACCOUNTING POLICIES (continued)

m) Trade and Other Debtors

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

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

o) Creditors and provisions

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

2. FEES RECEIVABLE	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Gross fees	5,475,360	5,659,722
Less: total bursaries and staff concessions	(148,648)	(150,810)
Fees Receivable	<u>£5,326,712</u>	<u>£5,508,912</u>
3. REGISTRATION FEES AND OTHER INCOME	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Registration and other fees including initial deposits forfeited	47,096	60,001
Sundry income	112,682	25,317
Before & After School clubs and music tuition	110,947	99,263
	<u>£270,725</u>	<u>£184,581</u>
4. STAFF COSTS	2025 £	2024 £
Staff costs incurred were as follows:		
Wages and salaries	3,245,263	3,109,256
Social security costs	363,573	314,889
Other pension costs	611,169	545,962
Other costs	95,573	131,176
	<u>£4,315,578</u>	<u>£4,101,283</u>
Included in Wages and Salaries, there is a termination payment made in the year totalling £24,012 (2024: £21,000)		
The average number of employees during the year within each category of persons was:		
	Number	Number
Teaching	65	64
Welfare and premises	18	21
Administration	12	10
	<u>95</u>	<u>95</u>
The Governors received no remuneration. One Governor was reimbursed expenses during the year of £4,117 (2024: £nil).		
	£	£
Aggregate employee benefits of key management personnel	<u>£251,862</u>	<u>£180,732</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

4. STAFF COSTS (continued)

The number of higher paid employees (including taxable benefits but excluding employers' pension contributions) to 31 August 2024 was:

	2025 Number	2024 Number
£60,001 - £70,000	2	4
£70,001 - £80,000	1	1
£80,001 - £90,000	2	-
£100,001 - £110,000	-	1
£120,001 - £130,000	1	-
	<u> </u>	<u> </u>

The School participates in the Teachers' Pension Scheme ("the TPS") for most of its teaching staff. The pension charge for the year includes contributions payable to the TPS of £417,581 (2024: £427,337) and at the year-end £46,149 (2024: £55,634) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023. The Valuation Report shows notional assets of £222.2bn and liabilities of £262bn, resulting in a scheme deficit of £39.8bn.

The employer contribution rate for the TPS is 28.6%, and employers are also paying a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%. For teaching staff outside the TPS, the employer contributes 17% to APTIS; for non-teaching staff, it contributes 9% to Scottish Widows.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

5. EXPENDITURE

	2025 £	2024 £
Direct charitable expenditure includes:		
Depreciation	£325,283	£291,206
Governance costs include:		
Auditors' remuneration		
- audit	17,000	18,000
- non audit	1,750	1,920

6. INVESTMENT INCOME

	Unrestricted funds 2025 £	Unrestricted funds 2024 £
Bank interest	£81,418	£87,888

7. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	Total 2025 £
Charitable activities				
School Operating Costs:				
Teaching	3,369,581	397,794	-	3,767,375
Welfare	141,624	152,517	-	294,141
Premises and equipment	263,160	462,020	325,283	1,050,463
Support and governance costs	541,213	256,710	-	797,923
Year 8 charitable donations	-	9,000	-	9,000
	£4,315,578	£1,278,041	£325,283	£5,918,902

ANALYSIS OF TOTAL EXPENDITURE
(Prior Year)

	Staff costs £	Other £	Depreciation £	Year-ended Total 2024 £
Charitable activities				
School Operating Costs:				
Teaching	3,216,360	324,407	-	3,540,767
Welfare	132,198	133,235	-	265,433
Premises and equipment	252,176	689,666	291,206	1,233,048
Support and governance costs	500,549	346,786	-	847,335
Year 8 charitable donations	-	9,750	-	9,750
	<u>£4,101,283</u>	<u>£1,503,844</u>	<u>£291,206</u>	<u>£5,896,333</u>

8. PENSION COMMITMENTS

Staff costs include payments by the company to the Teachers' Pensions Scheme of £417,581 (2024: £427,337) and to individual defined contribution schemes on behalf of certain employees of £75,974 (2024: £82,040). The amount owing at the year-end in respect of TPS was £46,149 (2024: £55,634). There was nothing owing in respect of the defined contribution schemes (2024 £nil).

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

9. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Fixtures Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2024	425,806	7,377,201	841,538	524,186	173,120	9
Additions	-	197,912	212,754	51,455	-	462
Capital Goods Scheme	-	(48,466)	-	-	-	(48)
Disposals	-	-	-	(11,600)	-	(11)
At 31 August 2025	£425,806	£7,526,647	£1,054,292	£564,041	£173,120	9
Depreciation						
At 1 September 2024	-	2,162,065	258,715	422,613	101,122	2
Charge for the year	-	148,578	107,732	50,973	18,000	325
Disposals	-	-	-	(11,600)	-	(11)
At 31 August 2025	-	£2,310,643	£366,447	£461,986	£119,122	£2,258,198
Net Book Value	£425,806	£5,216,004	£687,844	£102,055	£53,998	£5,707
At 31 August 2025						
At 31 August 2024	£425,806	£5,215,136	£582,823	£101,573	£71,908	£5,997,336

The above assets include those acquired from Lochinver House School Trust on 31 March 2002 for £2,985,449 being the net book value to the Trust at the date of transfer. The land and buildings were originally acquired by that Trust in 1957 when the School was founded by Trust Deed and since that date, various improvements and extensions had been made to the buildings.

10. DEBTORS

	2025 £	2024 £
Fees receivable	2,004,025	31,225
Other debtors and prepayments	120,659	172,410
	£2,124,684	£203,635

Fee debtors include £1,990,511 relating to the Autumn term 2025 fees which were billed in August 2025 (2024: £Nil).

11. CREDITORS: amounts falling due within one year

	2025 £	2024 £
Fees in advance and initial deposits	2,087,494	492,381
Trade creditors	88,714	152,728
Other creditors and accruals	615,884	475,500
	£2,792,092	£1,120,609

Fees received in advance include £1,990,511 relating to the
Autumn term 2025 fees which were billed in August 2025 (2024:
£Nil)

=====

=====

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

12. CREDITORS: amounts falling due after more than one year	2025	2024
	£	£
Long term deposits held	£149,885	£145,875

13. MOVEMENT IN FUNDS

	Balance at 1 September 2024 £	Income £	Expenditure £	Transfer to/(from) fund £	Balance at 31 August 2025 £
Unrestricted funds					
Other reserves	9,691,021	5,739,960	(5,909,902)		9,521,079
	9,691,021	5,739,960	(5,909,902)		9,521,079
				=	
Restricted funds	7,770	8,978	(9,000)		7,748
Total	£9,698,791	£5,748,938	£(5,918,902)		£9,528,827
				=	

MOVEMENT IN FUNDS (Prior Year)	Balance at 1 September 2023 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2024 £
Unrestricted funds					
School Buildings fund	5,671,812	-	-	(5,671,812)	-
Other reserves	4,090,086	5,815,706	(5,886,583)	5,671,812	9,691,021
	9,761,898	5,815,706	(5,886,583)	-	9,691,021
				=	
Restricted funds	8,286	9,234	(9,750)	-	7,770
	£9,770,184	£5,824,940	£(5,896,333)	-	£9,698,791
				=	

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	2025 Total £
Fixed assets	6,485,707	-	6,485,707
Debtors	2,124,684	-	2,124,684
Cash at bank and in hand	3,852,666	7,748	3,860,414
Creditors	(2,941,977)	-	(2,941,977)
			-
	£9,521,079	£7,748	£9,528,827

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

ANALYSIS OF NET ASSETS BETWEEN FUNDS (Prior Year)

	Unrestricted £	Restricted £	2024 Total £
Fixed assets	6,397,336	-	6,397,336
Debtors	203,635	-	203,635
Cash at bank and in hand	4,356,534	7	4,364,304
Creditors	(1,266,484)	-	(1,266,484)
	<u>£9,691,021</u>	<u>£7</u>	<u>£9,698,791</u>

15. UNRESTRICTED FUNDS

The School's unrestricted funds amount to £9,521,080 (2024 - £9,691,021). The unrestricted funds represent free reserves to cover normal fluctuations in working capital and to finance the continuing development of the School including maintaining and improving the underlying fixed assets.

16. RESTRICTED FUNDS

The restricted funds of £7,748 (2024: £87,770) relate to monies held by the School on behalf of pupils for external charitable purposes. Transfers from restricted funds have been made to reflect the assets funded from restricted donations becoming unrestricted upon purchase.

17. CAPITAL COMMITMENTS

There were no capital commitments at the year-end (2024 - £nil).

18. FINANCIAL COMMITMENTS

At 31 August 2024 the charity had annual commitments under non-cancellable operating leases of £8,450 due within one year (2024: £6,682) and £8,450 due between two and five years (2024: £6,676).

19. TRANSACTIONS WITH RELATED PARTIES

During the year the company paid for the Directors' liability insurance. The cost of the premium is included within the total cost of insurance and amounted to £602 (2024: £1,548).

During the year, the School paid £nil (2024 £3,360) to a previous Governor of the School for her services as a supply teacher.

There were no other related party transactions during the year (2024: None).

20. LIABILITY OF THE COMPANY'S MEMBER

The company is limited by guarantee and as such the company's sole member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2025

21. NET DEBT RECONCILIATION

	At 1 September 2024 £	Cashflows £	Other non- cash changes £	At 31 August 2025 £
Cash at bank and in hand	<u>£4,364,304</u>	<u>£ (503,891)</u>	<u></u>	<u>£3,860,413</u>
	At 1 September 2023 £	Cashflows £	Other non- cash changes £	At 31 August 2024 £
Cash at bank and in hand	<u>£4,868,304</u>	<u>£ (504,000)</u>	<u>-</u>	<u>£4,364,304</u>

22. POST BALANCE SHEET EVENT

At the start of the year, we welcomed girls to the school and commenced a merger with the Haberdashers' Elstree Schools.

Our newly established governing body commenced work with Helen Rosethorn as Chair.

Accounts

LOCHINVER HOUSE SCHOOL
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

Charity Number: 1091045
Company Number: 04374254

HEAD'S REPORT

As Headmaster, I am pleased to reflect on another year of joyful and successful learning at Lochinver House. The past twelve months have seen our school community thrive, with a shared commitment from staff and parents to ensure the very best outcomes for our pupils.

Lochinver House is a special place, defined by its close-knit community. We understand that for our pupils to excel, they need to feel secure, valued, and supported in their learning. This year, we have continued to prioritise pastoral care, offering a wide range of support systems that our pupils appreciate and trust. With this solid foundation, they flourish academically and personally, embracing the numerous curricular and co-curricular opportunities available to them.

At the heart of our ethos are the core values of Kindness, Honesty, and Respect. These values are more than just words—they are embedded in daily life and guide the character development of every child. We are dedicated to nurturing well-rounded individuals, equipping them with the skills, aptitudes, and moral compass needed to navigate an ever-changing world.

We recognise that the future is both exciting and increasingly complex. As such, we continuously assess how best to prepare our pupils for the challenges and opportunities that lie ahead. With a diverse pupil body representing a wide range of cultural backgrounds and global perspectives, we are committed to fostering an inclusive environment where every pupil is encouraged to think independently and globally.

This year, we unveiled our new vision: *"A school that shapes global citizens, empowered with the skills and knowledge to make a positive difference in the world."* Our updated School Aims reflect this vision, focusing on:

- **Nurture** well-mannered pupils with moral courage, at ease with themselves, and who are inclusive of others
- **Inspire** pupils through an education of breadth and depth, with a global mindset
- **Encourage** pupils to be intellectually curious, ambitious and not to fear failure
- **Challenge** pupils to be independent thinkers, who value different perspectives

These principles resonate deeply within our school community and appeal to prospective families. Over the past year, we've seen significant interest in our new nursery, *Little Lochies*, which opens in September 2024. Enrollment inquiries have exceeded expectations, underscoring the demand for our early years provision.

In response to evolving parental preferences, we have also made the exciting decision to transition to co-education starting in September 2025. This phased introduction will begin with our youngest pupils, allowing us to ensure a smooth and thoughtful transition. The response from prospective parents has been overwhelmingly positive, with growing interest from families of both boys and girls.

This year has been filled with remarkable achievements. Our pupils have excelled in sports, music, drama, technology, and academic competitions. Highlights include the U11 football team becoming regional champions, qualifying for the ISFA National Finals, and our U13 basketball team winning the IAPS Nationals. Our pupils also enjoyed memorable trips, including a ski tour to the Dolomites and cultural excursions to Italy and France. Outdoor learning is highly valued, and our Forest School programme has continued to excite and provide wonderful personal development opportunities, as have our outward-bound trips. In technology, our pupils reached the National Vex Robotics championships, showcasing their innovation and problem-solving skills.

The arts remain a cornerstone of life at Lochinver House. Over 200 individual music lessons take place each week, with pupils achieving up to Grade 8 in various instruments. Our younger choir members had the unforgettable experience of performing at the O2 Arena for the *Young Voices* national event, while we were once again invited to sing at St Paul's Cathedral. Drama, too, has flourished, with Year 8's final production being a highlight of the year. Our artists have excelled in competitions and taken part in some amazing exhibitions. Their self-expression has shone through a range of mediums, with great success.

Academically, we continue to see very strong success in 11+ and 13+ exams, with a high proportion of pupils gaining entry to their first-choice senior schools. This success is a testament to our purpose-built curriculum and the dedication of our talented staff, who go above and beyond to ensure each child reaches their full potential. Our destination senior schools are aspirational, and the number of places gained by our pupils is exceptionally high.

Our relationship with parents is central to our success. We value the close partnership between home and school and are grateful for the ongoing support of our proactive PTA, whose events further strengthen our vibrant community.

In summary, the 2023-24 academic year has been one of growth, achievement, and innovation. I extend my deepest gratitude to our dedicated staff, enthusiastic parents, and, most importantly, our wonderful pupils, whose successes we celebrate with pride.

Jonathan Wadge

Headmaster

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2024

The Directors present their report and audited financial statements for the year ended 31 August 2024.

Reference and Administrative Information

Lochinver House School was founded by Trust Deed in 1947. A Company Limited by Guarantee, Lochinver House School, was incorporated on 14 February 2002 to own and manage the school. The assets and liabilities of the school were transferred from Lochinver House School Trust to the Limited Company on 1 April 2002 when it commenced its educational activities. The school is a registered charity, number 1091045 and is constituted as a company limited by guarantee. Its objects, powers and other constitutional matters are set out in its Memorandum and Articles of Association. It is governed by a Board of Governors which is responsible for setting the strategic direction of the school and for establishing policy. The financial statements and report comply with the current statutory Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), The Charities Act 2011 and the Companies Act 2006.

Directors

The governing body of the company is known as the Board of Governors. The Members of the Board are also the charity Governors for the purposes of charity law and Directors for the purpose of company law. They are also the company members. Throughout this report they are collectively referred to as the Governors. Those who served during the year and since the year end were:

N Gilbert	Chair
D A Taylor	Vice Chair & Chair: Nominations and Governance Committee
B Aitken	Chair: Finance and General Purposes Committee
H Chapman	Appointed: 1 September 2024
M Collier	Resigned: 15 February 2024
S Coombs	Resigned: 4 October 2023
A English	Resigned: 6 December 2023
J Gillespie	Resigned: 11 July 2024
D Hamalis	Chair: Education Committee, Safeguarding Lead
O Jacobs	Resigned: 19 June 2024
S Joshi	Appointed: 1 September 2024
R Lane	Appointed: 1 September 2024
J Le Couilliard	
C Mills	Appointed: 4 October 2023
K Owen	Appointed: 1 September 2024
H Philp	Resigned: 20 March 2024
G Sriskanthan	Appointed: 1 September 2024
J Taylor-Cummings	
A Walker	
A Ward	

The Governors are elected at a full Governors' Meeting for a term of three years. They can be re-elected for up to three further consecutive terms of three years but shall not then be eligible for re-election without a break of at least twelve calendar months except by resolution of the Board.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

Key Executives and Professional Advisers

The Head	J Wadge BA (Hons), PGCE, NPQH
Bursar / Company Secretary	J Long
Address	Lochinver House School Heath Road Little Heath Potters Bar Hertfordshire EN6 1LW
Bankers	National Westminster Bank Commercial Banking 1st Floor 30 Clarendon Road Watford, Hertfordshire WD17 1GQ
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
Auditors	HaysMac LLP 10 Queen Street Place London EC4R 1AG

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

Structure, Governance and Management

Governing Document

The Company is governed by its Articles of Association. The Articles were reviewed and updated in 2024. The objects of the Company are 'to advance education for the public benefit, including (but not limited to) the operation of the school known as Lochinver House School, Potters Bar'.

Governing Body

The Governors are Directors and are elected at a meeting of the Board of Governors. Governors are recruited by nomination taking regard of special skills, personal qualities and the principles of diversity and inclusion to ensure that the Board retains an effective balance of expertise to strengthen the management of the Charity and reflects the composition of its stakeholders. Governors are eligible to serve for an initial period of three years.

Governor Training

New Governors are provided with an induction pack containing Board policy and procedures, schemes of governance and information regarding the work and operations of the School. Governors are encouraged to attend suitable training courses which deal with their responsibilities in relation to the Companies Act, Charity Law and Department for Education requirements as the need arises and are encouraged to attend new Governor induction courses.

Organisational Management

There are normally three full Board Meetings each year where the Governors meet and review the policies of the Charity for which they are responsible. The Finance and General Purposes Committee meet to review budgets, accounts and reports and makes recommendations to the Board of Governors. The Governors have a programme of regular visits to the school to witness and monitor the charity's work in action. Day to day running of the School is delegated to the Head and the Bursar, supported by the School Senior Leadership Team.

The school, through its officers, is represented in several organisations including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Association of Prep Schools (IAPS) and the Independent Schools' Bursars' Association (ISBA).

Structure and Relationships

The Head is an active member of IAPS which promotes and maintains standards in preparatory schools. The school takes an active part in numerous professional studies for the evaluation of quality and performance.

We co-operate with as many local charities, clubs and associations as we can to widen public access to the education we provide and promote the educational benefits of using our sporting facilities. We have an arrangement with a local state junior school that use our science laboratories each week which makes a positive contribution to their education.

Objects, Public Benefit, Aims, Objectives and Principal Activities

The school's aim is to provide public benefit, in compliance with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance, and in accordance with its Articles of Association, which is to advance education through the operation of Lochinver House School.

Strategic Aim and Intended Effect

The Board's strategic aim is to reach its annual objective for the public benefit as a charitable Independent School through the provision of a high-quality education for children between the ages of four and thirteen to allow them to achieve the highest academic standards in preparation for entry into the senior school of their own and their parents' choice.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

Our wider admission policy enables us to help a small number of boys from lower income or otherwise disadvantaged families to benefit from the core educational provision and the extra-curricular programme. The school also aims to draw out all boys' abilities and academic potential and to develop their wider interests in life within a secure and stable environment to enable them to participate in society and their community.

Principal Activity

The school's principal activity continues to be the provision of an excellent standard of education for boys aged four to thirteen.

Objectives

The Board's main objective is to educate all pupils to a high standard each year, which benefits their chosen senior school for the completion of their education. The school is in the process of developing a new five-year strategy under the leadership of the new Head. The school is committed to reviewing its academic syllabus and teaching methods. The facilities are upgraded regularly to provide modern buildings and amenities, which stimulate the pupils in all areas of their development.

The Board's other objective is to develop bursaries with a view to further increasing the School's intake of boys from lower income families and to extend working arrangements with other charities and state schools to provide access to our facilities for those who cannot come to the School itself. We set aside funds for bursary awards to help a few boys in need of assistance with school fees.

Review of Achievements and Performance for the Year

Academic

The achievements of pupils demonstrate the school's continued success. Lochinver pupils are in demand and in the last 10 years we have sent them to over 20 different schools. Our leavers gain successful entry to their chosen senior schools. 29 boys transitioned at 13+: Aldenham 3, Haileybury 3, Harrow 1, Merchant Taylors 2, Mount House 1, St Albans 11, St Columba's College 2, St Margaret's 3, St Edmund's 1 and Habs Boys 1. A further 18 boys left us at 11+: Aldenham 1, Alexandra Park Academy 1, Ark Pioneer Academy 2, Dame Alice Owen 2, Goffs Academy 1, Haileybury 1, Latymer 1, Manchester Grammar School 1, QE Boys 1, Sevenoaks School 1, St Albans School 3 and Habs Boys 3. These accomplishments have been made possible by the recruitment of the highest quality staff and by maintaining a high teacher to pupil ratio which ensures that teaching methods can be suited to individual needs. Teaching staff regularly attend training courses in order to enhance their personal performance and to improve the quality of the curriculum. The school reviews its academic syllabus and teaching methods to benchmark standards and value-added criteria.

Extra-Curricular activities

During the year the School ran various overseas trips, as well a full summer programme of UK-Based residential term-time trips that were offered to every pupil in Years 5-8. The School maintained its wide educational programme to provide as many extra-curricular activities for the children as possible. Hence, educational visits have been undertaken and workshops have been provided. Extended care at both ends of the day has enriched children's experience and has supported and enabled working parents.

Music remains very strong at the school with a large uptake of participants. Many of our boys learn an instrument with half of those learning two or more to progress through ABRSM grade exams. Our weekly composition club which builds on class music lessons and the use of Sibelius software led to boys hearing their own compositions being played by a visiting professional string quartet.

The school continues to put out a tremendous number of sports teams, supporting inclusion as well as performance at the highest level. This year, once again, we competed against other schools across a wide range of sports including, basketball, rugby, football, athletics, cricket and cross country.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

Developments in the School

During the year the school commissioned a range of projects to improve the fabric of the school and enhance facilities for the boys. Two significant projects were undertaken during the summer holidays. One was the redevelopment of the building adjacent to the central playground and the second project was to develop the Pre Prep Building in readiness for our incoming Little Lochies in September 2024.

We have installed a sail to provide protection from the elements in the pre prep play area, improved toilet facilities in the Pre-Prep building, re-developed the Atrium to provide a flexible space for welfare activities, completed the installation of LED lighting throughout the School and redecorated many areas as part of our annual maintenance programme. We continue to invest in IT and digital resources for the benefit of the boys, including a full upgrade of the school Wi-Fi and firewall. All boys in year 5 and above have the use of their own iPad, with classes in lower year groups all having direct access to one-to-one portable devices.

Public Benefit

The Governors have considered the requirements explained in guidance produced by the Charity Commission, on their duty to report in the Annual Report on public benefit.

Bursaries

The Governors recognise that the level of independent education fees may exclude many boys from applying for a place at the School but they are committed to widening the access to the education offered. Accordingly, the Governors set a fixed sum to provide bursaries for those boys whose parents could otherwise not afford to send them to our School. The Governors have a formal Bursary Policy and a Governors' Bursary Award Committee assesses all applications and report to the Board. Details of bursaries are included on the School Website. The Governors budgeted £110,000 for bursaries in 2023/24 (2022/2023: £134,000) an amount which is reviewed on an annual basis.

In 2023/24 the School supported eleven (2022/23: seven) pupils through our Bursary Scheme, one (2022/23: one) of whom were on a full bursary. The support which is available on a needs basis as determined by the Governors' Bursary Award Committee reduced annual income from scale fees by £127,436 (2022/23 £77,599). The Governors have increased the level of funding for bursaries for the financial year 24/25 and continue to seek to recruit bursary candidates via the Admissions process.

Other Public Benefit

The school continues to support various good causes via the Head Boys' Charities. The donations support various national and local charities which benefit the community. In 2023/24 the charities were Downs Syndrome Association, Herts Young Homeless and British Heart Foundation.

The facilities of the school are made available to outside organisations to benefit the education of children and adults. School links with the community continue with our association with the local youth organisations. We also have strong links with the residents' association, printing their newsletters in-house.

Equality Diversity and Inclusion (EDI)

The Board views EDI as an "all school" strategic priority in which all stakeholders are involved in the development and implementation, allowing us to gain a better understanding of the lived experiences of our pupils, staff, parents and community. Our EDI strategy sits alongside our Equal Opportunities Policies. A key mission is to achieve an enriched community becoming more equitable, diverse and inclusive; strengthened and anchored by our Core Values of Honesty, Kindness and Respect.

Charity Fundraising

The school has not made any fundraising appeals to the public during the year and is unlikely to do so in the future. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

Volunteers

Volunteers from our parent body continue to provide invaluable support to our educational programme. The school continues to enjoy the support of volunteers and parental helpers in the classroom. The level of this voluntary service is invaluable to the school in providing the excellent level of education to which the school is committed. The Governors would like to thank all those volunteers for their valuable support. The school also appreciates the number of parents who donate their time to take boys for reading support. The Parent Teacher Association meets regularly to organise and run social events to raise funds for the school. In 2023/24 these included the Christmas Fayre, Easter Egg Hunt, Summer Fete and the ever-popular Bingo Night.

Looking ahead

In September 2024 we will open our pre-prep, welcoming Little Lochies into our growing community. The following year we are excited to welcome girls into Little Lochies, Reception and Years 1 and 2 as we mark the start of our journey as a coeducational prep school.

From September 2024, throughout the pre-prep we will be following the International Early Years Curriculum and the International Primary Curriculum, which offers a holistic approach to learning, integrating multiple subjects, encouraging inquiry-based learning and promoting the development of key skills, knowledge and understanding across various disciplines.

In September 2024 we are also excited to have appointed our first Forest School teacher to support the broad holistic approach to learning outside of the classroom.

Financial Results

The results are shown in the accompanying financial statements on pages 15 to 28. During the financial year, the School generated income of £5,824,940 (2023: £5,514,176) from school activities.

Expenditure of £5,896,333 (2023: £5,377,292) was incurred.

Additions to fixed assets totalled £244,412 (2023: £1,128,859) and included £47,963 (2023: £46,513) for computer equipment, £112,003 (2023: £559,450) on building improvements and equipment, £28,740 (2023: £48,261) on motor vehicles, and £55,706 (2023: £474,635) on fixtures & fittings.

The School has an objective to achieve a surplus each year to ensure that there are sufficient reserves to manage the School prudently and to provide funds for future capital expenditure. The accumulation of reserves to date enables the ongoing implementation of the School's Development Plan. However, in the year under review there was a deficit of £71,393 (2023: surplus of £122,134) as a result of a number of non-recurring costs including legal and actuarial fees to support the TPS consultation, preparing for the opening of Little Lochies, legal costs in connection with the decision to go co-educational from September 2025 and marketing and strategic advice to support the School in navigating the challenges that the sector is facing.

Notes 13 to 16 split the reserves between those held for a specific purpose (restricted funds) and those available for the day-to-day requirements of the School (unrestricted funds). The School's assets are considered sufficient to meet its obligations.

Key management personnel

The Governors have identified the Head and Bursar as key management personnel. The salary of these key management personnel is set by the Board of Governors after assessing their performance and reviewing market benchmarks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

Investment Performance

The Articles of Association permit funds to be invested in such investments, securities and property as may be thought fit. At present investment income is generated by placing funds with up to three separate banks to minimise risk, as determined by the Bursar, to whom such responsibilities are delegated by the Governors under the Terms of Reference of the Treasury Policy.

Resources and reserve policy

The school's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,671,812 (2023: £5,671,812) represents unrestricted funds retained to finance the freehold property of the school. The balance of the unrestricted funds of £4,019,209 (2023: £4,090,086) represents general reserves to cover normal fluctuations in working capital, to finance the continuing development of the School and to help fund provision for bursaries. The balance of restricted funds is £7,770 (2023: £8,286) which represent funds raised by the boys for external charitable purposes.

Principal Risks & Uncertainties

The Governors carry out regular reviews of the school's activities and operations. As part of that review process the Nominations and Governance Committee reviewed the actions taken, or proposed to be taken, by the School to identify and manage the main risks to which the School is exposed. Through the reports and recommendations of the Nominations and Governance Committee, the Governors monitor the effectiveness of the school's internal policies and procedures for the management of such risks, including the adequacy of the school's insurance cover.

The school has identified the following as the principal risks it faces: –

- The turmoil in the sector that has resulted from the current government's pledge to introduce VAT on School fees. All schools are considering their long-term viability, and this has resulted in unprecedented changes in the way the sector meets the shifting demand for independent school education. The number of school mergers, acquisitions and closures is on scale that is creating waves in a normally stable sector. The Governors at Lochinver continue to closely monitor developments and will continue to respond to local developments to secure the future of the school.
- Maintaining pupil numbers when birth rates are declining nationally poses a financial risk. We also know that the imminent imposition of VAT on school fees will put further pressure on parents, many of whom are already making significant sacrifices to support the cost of the children's education. Strategies for managing this risk include the introduction of Little Lochies in September 2024 and the move to coeducation the following year. We have also invested in marketing which is fundamental to pupil recruitment and retention.
- The capacity of the school to adapt practically and efficiently to changes in the legislative requirements for the education and charity sectors. Strategies for managing this risk include detailed financial planning to ensure that the school has robust plans to mitigate the impact of the imposition of VAT on school fees and other such changes when implemented. The School also has a dedicated HR & Compliance Manager and compliance is addressed at every meeting of the Board of Governors. Senior staff and Governors undertake frequent training and receive sector updates to ensure they remain well informed of upcoming legislative changes.

The Board recognises that it is impossible to guarantee that all risk has been eliminated entirely but strives to ensure strategies, systems and plans are in place to mitigate identifiable risks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also Directors of Lochinver House School for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions, 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.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

AUDITOR

HaysMac LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving this Governors Report, the Board are also approving the Strategic Report included herein their capacity as company directors.

Approved by the Board of Directors at its meeting on 11 12. 2024 and signed on its behalf by:



N D Gilbert
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCHINVER HOUSE SCHOOL

Opinion

We have audited the financial statements of Lochinver House School for the year ended 31 August 2024 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which includes the strategic report and the directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 10, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to ISI regulations, health and safety law, safeguarding regulations, GDPR and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 211 and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCHINVER HOUSE SCHOOL (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.



Thomas Wilson (Senior Statutory Auditor)
For and behalf of HaysMac LLP, Statutory Auditor
Date 18/12/24

10 Queen Street Place
London
EC4R 1AG

LOCHINVER HOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2024

	Note	Restricted Fund £	Unrestricted Fund £	Total 2024 £	Total 2023 £
INCOME FROM:					
Voluntary Income					
Donations		9,234	11,496	20,730	24,506
Charitable activities					
School Fees receivable	2	-	5,508,912	5,508,912	5,295,335
Registration fees and other income	3	-	184,581	184,581	139,885
Other trading activities					
Rents and lettings		-	13,067	13,067	7,871
Investment income	6	-	87,888	87,888	46,579
Other Income		-	9,762	9,762	-
Total income		<u>9,234</u>	<u>5,815,706</u>	<u>5,824,940</u>	<u>5,514,176</u>
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		9,750	5,886,583	5,896,333	5,392,042
Total expenditure	7	<u>9,750</u>	<u>5,886,583</u>	<u>5,896,333</u>	<u>5,392,042</u>
Net (expenditure)/income		(516)	(70,877)	(71,393)	122,134
Transfers between funds		-	-	-	-
Net movement in funds		<u>(516)</u>	<u>(70,877)</u>	<u>(71,393)</u>	<u>122,134</u>
Balances brought forward		8,286	9,761,898	9,770,184	9,648,050
Balances at carried forward	13	<u>£7,770</u>	<u>£9,691,021</u>	<u>£9,698,791</u>	<u>£9,770,184</u>

There were no acquisitions or discontinued activities during the year. There were no other recognised gains or losses during the year.

The accompanying notes form part of these accounts.

BALANCE SHEET

AS AT 31 AUGUST 2024

	Notes	£	2024	£	£	2023	£
FIXED ASSETS							
Tangible assets							
School land, buildings and equipment	9			6,397,336			6,451,769
CURRENT ASSETS							
Debtors	10	203,635			160,226		
Cash at bank and in hand		4,364,304			4,868,304		
		<u>4,567,939</u>			<u>5,028,530</u>		
CREDITORS: amounts falling due within one year	11	(1,120,609)			(1,556,390)		
NET CURRENT ASSETS				3,447,330			3,472,140
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>9,844,666</u>			<u>9,923,909</u>
CREDITORS: amounts falling due after one year	12			(145,875)			(153,725)
TOTAL NET ASSETS				<u>£9,698,791</u>			<u>£9,770,184</u>
CAPITAL AND RESERVES							
Unrestricted funds	13						
Designated: School Buildings				-			5,671,812
General funds				9,691,021			4,090,086
	15			<u>9,691,021</u>			<u>9,761,898</u>
Restricted funds	16			7,770			8,286
				<u>£9,698,791</u>			<u>£9,770,184</u>

Approved by the Board of Directors at its meeting on 11 December 2024 and signed below on its behalf by:



N D Gilbert
Chair of Governors

LOCHINVER HOUSE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2024

		2024 £	2023 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	(364,877)	809,164
Cash flows from investing activities:			
Interest received		87,888	46,579
Proceeds from sale of fixed assets		17,401	3,050
Payments for tangible fixed assets		(244,412)	(1,128,860)
Net cash used in investing activities		(139,123)	(1,079,231)
Change in cash in the reporting year		(504,000)	(270,067)
Cash at the beginning of the reporting year		4,868,304	5,138,371
Cash at the end of the reporting year	B	£4,364,304	£4,868,304
A. Reconciliation of net income to net cash flow from operating activities			
		2024 £	2023 £
Net (deficit) income for the reporting year (as per the statement of financial activities)		(71,393)	122,134
Adjustments for:			
Depreciation charges		291,206	252,755
Loss (Profit) on disposal of fixed assets		(9,762)	68,934
Interest received		(87,888)	(46,579)
(Increase) in Debtors		(43,409)	(52,365)
(Decrease) Increase in creditors		(443,631)	464,285
Net cash provided by operating activities		£(364,877)	£809,164
B. Analysis of cash and cash equivalents			
		2024 £	2023 £
Cash at bank		4,364,304	4,868,304
Total cash and cash equivalents		£4,364,304	£4,868,304

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the school is considered to be GBP because that is the currency of the primary economic environment in which the school operates.

The school is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee (company number: 04374254 and charity number: 1091045).

a) Basis of Preparation

The accounts are prepared under the historical cost convention.

b) Going concern

Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the Governors have an expectation that the school has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 11.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affected current and future years.

Judgements made by the Governors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

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

d) Fees and Similar Income

Fees receivable and other fees are accounted for in the year in which the service is provided. Fees receivable represent fees less bursaries and allowances and other income derived from the School's continuing activities.

e) Investment income

Investment income from bank balances and fixed interest securities is accounted for on an accruals basis.

1. ACCOUNTING POLICIES (continued)

f) Donations, legacies, grants and other voluntary income

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

g) Expenditure

Expenditure is accounted for on an accruals basis and are allocated to expense headings on a direct cost basis. The irrecoverable VAT is included with the item of expense to which it relates. Governance costs comprise costs incurred in meeting statutory and constitutional requirements of the School.

h) Tangible Fixed Assets

No depreciation is provided on freehold land. For all other assets, depreciation is calculated to write off the cost of the item over the anticipated useful life as follows:

Freehold buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Long-term fixtures, fittings and equipment	4% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% reducing balance basis

Items costing less than £1,000 are written off as an expense as acquired. Items are depreciated only for six months in the year of acquisition.

i) Pension contributions

The company contributes to the Teachers' Pension Scheme at rates set by the scheme actuary. It is part of a multi-employer scheme and it is not possible to attribute a value to the scheme assets and liabilities which would be appropriate to the company. In accordance with FRS 102 the scheme is accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year.

With effect from 1 August 2024, the school's pension provider for teachers joining the School and for teachers choosing to opt out of the Teachers' Pension Scheme is the Aviva Pension Trust for Independent Schools (APTIS). The company also contributes to personal pension schemes for non-teaching staff and contributions to both these schemes are charged to the Statement of Financial Activities in the year in which they are incurred.

j) Unrestricted Funds

Unrestricted Funds are funds applied at the discretion of the Governors in furtherance of the objects of the School.

k) Restricted funds

This represents the monies received for specific purposes as disclosed in note 16.

1. ACCOUNTING POLICIES (continued)

l) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised apart from investments which are held at fair value. Financial assets held amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions

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

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

o) Creditors and provisions

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

2. FEES RECEIVABLE	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Gross fees	5,659,722	5,402,652
Less: total bursaries and staff concessions	(150,810)	(107,317)
Fees Receivable	<u>£5,508,912</u>	<u>£5,295,335</u>
3. REGISTRATION FEES AND OTHER INCOME	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Registration and other fees including initial deposits forfeited	60,001	54,641
Sundry income	25,317	13,555
Before & After School clubs and music tuition	99,263	71,689
	<u>£184,581</u>	<u>£139,885</u>
4. STAFF COSTS	2024 £	2023 £
Staff costs incurred were as follows:		
Wages and salaries	3,109,256	2,867,763
Social security costs	314,889	288,420
Other pension costs	545,962	476,770
Other costs	131,176	132,897
	<u>£4,101,283</u>	<u>£3,765,850</u>

Included in Wages and Salaries, there is a termination payment made in the year totalling £21,000. The average number of employees during the year within each category of persons was:

	Number	Number
Teaching	64	66
Welfare and premises	21	18
Administration	10	9
	<u>95</u>	<u>93</u>

The Governors received no remuneration. No Governors were reimbursed expenses during the year (2023: £nil).

	£	£
Aggregate employee benefits of key management personnel	<u>£180,732</u>	<u>£166,517</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

4. STAFF COSTS (continued)

The number of higher paid employees (including taxable benefits but excluding employers' pension contributions) to 31 August 2024 was:

	2024 Number	2023 Number
£60,001 - £70,000	4	2
£70,001 - £80,000	1	-
£100,001 - £110,000	1	1
	<u>6</u>	<u>3</u>

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 £427,337 (2023: £424,402) and at the year-end £55,634 (2023: £44,574) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2020 and the Valuation Report was published in October 2023.

Following the McCloud judgement, the remedy proposed that when benefits become payable, eligible members can select to receive them from either the reformed or legacy schemes for the period 1 April 2015 to 31 March 2022. The actuaries have assumed that members are likely to choose the option that provides them with the greater benefits, and in preparing the 2020 valuation has valued the 'greater value' benefits for groups of relevant members.

The employer contribution rate for the TPS is 28.6%, and employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

5. EXPENDITURE

	2024 £	2023 £
Direct charitable expenditure includes:		
Depreciation	£291,206	£252,755
Governance costs include:		
Auditors' remuneration		
- audit	18,000	13,250
- non audit	1,920	1,500
Directors liability insurance	-	1,548

6. INVESTMENT INCOME

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Bank interest	£87,888	£46,579

7. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	Total 2024 £
Charitable activities				
School Operating Costs:				
Teaching	3,216,360	324,407	-	3,540,767
Welfare	132,198	133,235	-	265,433
Premises and equipment	252,176	689,666	291,206	1,233,048
Support and governance costs	500,549	346,786	-	847,335
Head Boys' charitable donations	-	9,750	-	9,750
	£4,101,283	£1,503,844	£291,206	£5,896,333

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

ANALYSIS OF TOTAL EXPENDITURE

(Prior Year)

	Staff costs £	Other £	Depreciation £	Year-ended Total 2023 £
Charitable activities				
School Operating Costs:				
Teaching	3,008,396	262,579		3,270,975
Welfare	113,664	126,827		240,491
Premises and equipment	237,333	749,060	252,755	1,239,148
Support and governance costs	406,457	227,171		633,628
Head Boys' charitable donations	-	7,800	-	7,800
	<u>£3,765,850</u>	<u>£1,373,437</u>	<u>£252,755</u>	<u>£5,392,042</u>

8. PENSION COMMITMENTS

Staff costs include payments by the company to the Teachers' Pensions Scheme of £427,337 (2023: £424,402) and to individual defined contribution schemes on behalf of certain employees of £82,040 (2023: £52,368). The amount owing at the year-end in respect of TPS was £55,634 (2023: £44,574). There was nothing owing in respect of the defined contribution schemes (2023 £nil).

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

9. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Fixtures Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2023	425,806	7,265,198	875,459	476,223	168,525	9,211,211
Additions	-	112,003	55,706	47,963	28,740	244,412
Disposals	-	-	(89,627)	-	(24,145)	(113,772)
At 31 August 2023	<u>425,806</u>	<u>7,377,201</u>	<u>841,538</u>	<u>524,186</u>	<u>173,120</u>	<u>9,341,851</u>
Depreciation						
At 1 September 2023	-	2,019,191	273,565	368,268	98,418	2,759,442
Charge for the year	-	142,874	74,777	54,345	19,210	291,206
Disposals	-	-	(89,627)	-	(16,506)	(106,133)
At 31 August 2024	<u>-</u>	<u>2,162,065</u>	<u>258,715</u>	<u>422,613</u>	<u>101,122</u>	<u>2,944,515</u>
Net Book Value						
At 31 August 2024	<u>425,806</u>	<u>5,215,136</u>	<u>582,823</u>	<u>101,573</u>	<u>71,998</u>	<u>6,397,336</u>
At 31 August 2023	<u>425,806</u>	<u>5,246,007</u>	<u>601,894</u>	<u>107,955</u>	<u>70,107</u>	<u>6,451,769</u>

The above assets include those acquired from Lochinver House School Trust on 31 March 2002 for £2,985,449 being the net book value to the Trust at the date of transfer. The land and buildings were originally acquired by that Trust in 1957 when the School was founded by Trust Deed and since that date, various improvements and extensions had been made to the buildings.

The remainder of the assets have been acquired since the company was incorporated and are stated at cost less depreciation.

10. DEBTORS

	2024 £	2023 £
Fees receivable	31,225	43,915
Other debtors and prepayments	172,410	116,311
	<u>£203,635</u>	<u>£160,226</u>

11. CREDITORS: amounts falling due within one year

	2024 £	2023 £
Fees in advance and initial deposits	492,381	523,027
Trade creditors	152,728	115,142
Other creditors and accruals	475,500	918,221
	<u>£1,120,609</u>	<u>£1,556,390</u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

12. CREDITORS: amounts falling due after more than one year	2024 £	2023 £
Long term deposits held	£145,875	£153,725

13. MOVEMENT IN FUNDS

	Balance at 1 September 2023 £	Income £	Expenditure £	Transfer to/(from) fund £	Balance at 31 August 2024 £
Unrestricted funds					
School Buildings fund	5,671,812	-	-	(5,671,812)	-
Other reserves	4,090,086	5,815,706	(5,886,583)	5,671,812	9,691,021
	<u>9,761,898</u>	<u>5,815,706</u>	<u>(5,886,583)</u>	<u>-</u>	<u>9,691,021</u>
Restricted funds	8,286	9,234	(9,750)	-	7,770
Total	<u>£9,770,184</u>	<u>£5,824,940</u>	<u>£(5,896,333)</u>	<u>-</u>	<u>£9,698,791</u>

MOVEMENT IN FUNDS (Prior Year)	Balance at 1 September 2022 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2023 £
Unrestricted funds					
School Buildings fund	5,280,099	-	-	391,713	5,671,812
Other reserves	4,359,657	5,506,384	(5,384,242)	(391,713)	4,090,086
	<u>9,639,756</u>	<u>5,506,384</u>	<u>(5,384,242)</u>	<u>-</u>	<u>9,761,898</u>
Restricted funds	8,294	7,792	(7,800)	-	8,286
	<u>£9,648,050</u>	<u>£5,514,176</u>	<u>£(5,392,042)</u>	<u>-</u>	<u>£9,770,184</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	2024 Total £
Fixed assets	6,397,336	-	6,397,336
Debtors	203,635	-	203,635
Cash at bank and in hand	4,356,534	7,770	4,364,304
Creditors	(1,266,484)	-	(1,266,484)
	<u>£9,691,021</u>	<u>£7,770</u>	<u>£9,698,791</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS
(Prior Year)**

	Unrestricted £	Restricted £	2023 Total £
Fixed assets	6,451,769	-	6,451,769
Debtors	160,226	-	160,226
Cash at bank and in hand	4,860,008	8,296	4,868,304
Creditors	(1,710,115)	-	(1,710,115)
	<u>£9,761,888</u>	<u>£8,296</u>	<u>£9,770,184</u>

15. UNRESTRICTED FUNDS

The School's unrestricted funds amount to £9,675,804 (2023 - £9,761,898). During the year the Governors decided to combine the School Building Fund (a nominal designated fund) with other general reserves as the designation was no longer required. The unrestricted funds represent free reserves to cover normal fluctuations in working capital and to finance the continuing development of the School including maintaining and improving the underlying fixed assets.

16. RESTRICTED FUNDS

The restricted funds of £7,770 (2023: £8,286) relate to monies held by the School on behalf of pupils for external charitable purposes. Transfers from restricted funds have been made to reflect the assets funded from restricted donations becoming unrestricted upon purchase.

17. CAPITAL COMMITMENTS

There were no capital commitments at the year end (2023 - £nil).

18. FINANCIAL COMMITMENTS

At 31 August 2024 the charity had annual commitments under non-cancellable operating leases of £6,682 due within one year (2023: £6,682) and £6,676 due between two and five years (2023: £13,358).

19. TRANSACTIONS WITH RELATED PARTIES

During the year the company paid for the Directors' liability insurance. The cost of the premium is included within the total cost of insurance and amounted to £1,548 (2023: £1,548).

During the year, the School paid £3,360 (2023 £2,946) to Helen Philp, a Governor of the School for her services as a supply teacher.

There were no other related party transactions during the year (2023: None).

20. LIABILITY OF MEMBERS

The company is limited by guarantee and as such each member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2024

21. NET DEBT RECONCILIATION

	At 1 September 2023 £	Cashflows £	Other non- cash changes £	At 31 August 2024 £
Cash at bank and in hand	<u>£4,868,304</u>	<u>£(504,000)</u>	<u>-</u>	<u>£4,364,304</u>
	At 1 September 2022 £	Cashflows £	Other non- cash changes £	At 31 August 2023 £
Cash at bank and in hand	<u>£5,138,371</u>	<u>£(270,067)</u>	<u>-</u>	<u>£4,868,304</u>

Accounts

LOCHINVER HOUSE SCHOOL
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

Charity Number: 1091045
Company Number: 04374254

HEAD'S REPORT

After 12 wonderful years as Headmaster at Lochinver House School, I am delighted to hand over the reins to Jonathan Wadge, who has already completed 8 years of Headship at a prep school in North London.

I leave the school in good shape. Lochinver House School is an excellent school, where academic achievement, pastoral care, pupil wellbeing and an outstanding provision in the wider curriculum lie at the heart of all that we do.

It has been another highly successful year at Lochinver House School. Our continual commitment to providing the very best educational and co-curricular activities has meant that our pupils have enjoyed many and various achievements. This was shaped by the tireless efforts and dedication of our staff, who continually strive to ensure there is so much on offer to support and stretch for each boy's learning, whatever their interests.

We continue to innovate and prepare the boys for their bright and exciting futures. The curriculum is bold, exciting and provides the means for the pupils to demonstrate their own application of our bespoke '7 Learning Powers'. As a result, our 11+, 13+ senior school entrance results have been excellent. With such a high proportion of pupils able to take their first choice of senior schools, Lochinver House boys continue to receive such high praise from their receiving schools, particularly as our Year 8 pupils are enabled to engaged with a curriculum well ahead of their chronological ages.

That said, we hold firm that a good education is made up of more than just intellectual development and we continue to place great emphasis on nurturing the pupils' wellbeing and happiness. Our pupils develop confidence, strong values, qualities and skills as they navigate their way through their formative years at school, in readiness to further explore the contribution they will make as they move to the next stage of their education and beyond.

As always, there has been much to celebrate at Lochinver House. A particular highlight has been reaching the finals of the Independent Pre-Prep School of the Year Awards. Indeed, at the IAPS Prep Heads' Conference, our Head of Pre-Prep was presented with a richly deserved award for her outstanding contribution to the sector, recognising her expertise and vast knowledge of the Early Years and Pre-Prep.

In the summer term, Lochinver House was delighted to announce that Little Lochies, a Pre School for boys aged 3+, will open its doors in September 2024, and pupil recruitment is already underway. The resolute aim of Little Lochies and beyond will be to ensure that our pupils are well rounded, global citizens, equipped with the tools to help them to succeed as they progress through life.

Opportunities abound for Lochinver boys. These include a full programme of sporting fixtures, music and drama performance, creative development in the Art and DT Department and technological advancement in the Computing Suite and across the curriculum. Residential trips are another opportunity for our pupils to explore different activities and countries and to build independence.

Our extra-curricular provision goes from strength to strength, with an ever-evolving activity programme which offers Mandarin, Fencing, Chess and Archery, to name a few. There are a vast number of opportunities for the boys to really find new passions, interests and talents, whether it be in the arts, sports or technologies.

Success continues to abound on the sports field, having enjoyed such an extensive provision throughout the year. The U11 football team were Regional Champions (Herts and Middlesex) and qualified for the ISFA National Finals at St George's Park, while the U13 basketball team achieved great success at the IAPS Nationals, coming runners up. A football tour in Valencia, that involved almost one hundred pupils, was a great success.

There were also tremendous musical and drama activities on offer. With over 200 individual music lessons taking place each week, as well as choirs, orchestras and ensembles, leading to over 70 grades examination grades, including up to Grade 8 and across a wide variety of instruments. A special invitation to sing at St Paul's Cathedral rounded off the year in style, as well as our very special end of Year 8 production.

The commitment, quality and expertise of our entire staff remains our most highly valued asset; our pupils up to Year 4 are exposed to a gradually increasing programme of subject specialist teaching for Computing, PE and Games, Drama, Music, MFL, Art and DT. From Year 5, our boys are wholly taught by our specialists.

We highly value close working relationships within our school community and local areas. Close communication with parents is highly valued and we endeavour to work closely with parents to ensure all our pupils are carefully supported. To enable further support, we are delighted to continue a close partnership with Dr Kathy Weston and the Tooled-Up Education team, who provide a wealth of world class materials and resources to support at school and at home. A particular highlight was Dr Weston's talk to parents on the pressures of modern-day parenting, which was extremely well received. Our home-school partnership is highly valued and our thriving PTA brings us together for enjoyable events throughout the academic year, including the ever-popular Bingo night!

In conclusion, the 2022-2023 school year at Lochinver House was a testament to the collective efforts of our pupils, parents, and staff. We celebrate the accomplishments of our school community and eagerly anticipate another year of exciting growth, learning, and success.

Ben Walker
Retired as Head on 31 August 2023

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The Directors present their report and audited financial statements for the year ended 31 August 2023.

Reference and Administrative Information

Lochinver House School was founded by Trust Deed in 1947. A Company Limited by Guarantee, Lochinver House School, was incorporated on 14 February 2002 to own and manage the school. The assets and liabilities of the school were transferred from Lochinver House School Trust to the Limited Company on 1 April 2002 when it commenced its educational activities. The school is a registered charity, number 1091045 and is constituted as a company limited by guarantee. Its objects, powers and other constitutional matters are set out in its Memorandum and Articles of Association. It is governed by a Board of Governors which is responsible for setting the strategic direction of the school and for establishing policy. The financial statements and report comply with the current statutory Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), The Charities Act 2011 and the Companies Act 2006.

Directors

The governing body of the company is known as the Board of Governors. The Members of the Board are also the charity Governors for the purposes of charity law and Directors for the purpose of company law. They are also the company members. Throughout this report they are collectively referred to as the Governors. Those who served during the year and since the year end were:

N Gilbert	Chair (appointed as Chair 1 st September 2022)
D A Taylor	Vice Chair (Chair: Risk Management Committee)
B Aitken	Chair: Finance and General Purpose Committee – (appointed as Chair 1 st September 2022)
M Collier	
S Coombs	
A English	EDI Co-Lead
J Gillespie	
D Hamalis	Chair: Education Committee, Safeguarding Lead
O Jacobs	
J Le Couilliard	
H Philp	
J Taylor-Cummings	EDI Co-Lead
A Walker	
A Ward	

The Governors are elected at a full Governors' Meeting for a term of three years. They can be re-elected for up to three further consecutive terms of three years but shall not then be eligible for re-election without a break of at least twelve calendar months except by resolution of the Board.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

Key Executives and Professional Advisers

The Head	B C Walker B.A.(Hons), PGCE (Retired 31 st August 2023)
	J Wadge BA (Hons), PGCE, NPQH
The Bursar/Company Secretary	J Long BSc, ACA (Appointed 1 st November 2022 following interim appointment)
Address	Lochinver House School
	Heath Road
	Little Heath
	Potters Bar
	Hertfordshire
	EN6 1LW
Bankers	National Westminster Bank Commercial Banking 1st Floor
	30 Clarendon Road
	Watford,
	Hertfordshire
	WD17 1GQ
Solicitors	Veale Wasbrough Vizards
	Orchard Court
	Orchard Lane
	Bristol
	BS1 5WS
Auditors	Haysmacintyre LLP
	10 Queen Street Place
	London
	EC4R 1AG

Structure, Governance and Management

Governing Document

The Company is governed by its Articles of Association. The Articles were reviewed and updated in 2015. The objects of the Company are 'to advance education by the carrying on of a preparatory school for boys known as Lochinver House School'.

Governing Body

The Governors are Directors and are elected at a meeting of the Board of Governors. Governors are recruited by nomination taking regard of special skills, personal qualities and the principles of diversity and inclusion to ensure that the Board retains an effective balance of expertise to strengthen the management of the Charity and reflects the composition of its stakeholders. Governors are eligible to serve for an initial period of three years.

Governor Training

New Governors are provided with an induction pack containing Board policy and procedures, schemes of governance and information regarding the work and operations of the School. Governors are encouraged to attend suitable training courses which deal with their responsibilities in relation to the Companies Act, Charity Law and Department for Education requirements as the need arises and are encouraged to attend new Governor induction courses.

Organisational Management

There are normally three full Board Meetings each year where the Governors meet and review the policies of the Charity for which they are responsible. The Finance and General Purposes Committee meet to review budgets, accounts and reports and makes recommendations to the Board of Governors. The Governors have a programme of regular visits to the school to witness and monitor the charity's work in action. Day to day running of the School is delegated to the Head and the Bursar, supported by the School Senior Leadership Team.

The school, through its officers, is represented in several organisations including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Association of Prep Schools (IAPS) and the Independent Schools' Bursars' Association (ISBA).

Structure and Relationships

The Head is an active member of IAPS which promotes and maintains standards in preparatory schools. The school takes an active part in numerous professional studies for the evaluation of quality and performance.

We co-operate with as many local charities, clubs and associations as we can to widen public access to the education we provide and promote the educational benefits of using our sporting facilities. We have an arrangement with a local state junior school that use our science laboratories each week which makes a positive contribution to their education.

Objects, Public Benefit, Aims, Objectives and Principal Activities

The school's aim is to provide public benefit, in compliance with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance, and in accordance with its Articles of Association, which is to educate boys up to the age of thirteen.

Strategic Aim and Intended Effect

The Board's strategic aim is to reach its annual objective for the public benefit as a charitable Independent School through the provision of a high-quality education for boys between the ages of four and thirteen to allow them to achieve the highest academic standards in preparation for entry into the senior school of their own and their parents' choice.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

Our wider admission policy enables us to help boys from lower income or otherwise disadvantaged families to benefit from the core educational provision and the extra-curricular programme. The school also aims to draw out all boys' abilities and academic potential and to develop their wider interests in life within a secure and stable environment to enable them to participate in society and their community.

Principal Activity

The school's principal activity continues to be the provision of an excellent standard of education for boys aged four to thirteen.

Objectives

The Board's main objective continues to be to educate all pupils to a high standard each year, which benefits their chosen senior school for the completion of their education. The school is in the process of developing a new five-year strategy under the leadership of the new Head. The school is committed to reviewing its academic syllabus and teaching methods. The facilities are upgraded regularly to provide modern buildings and amenities, which stimulate the pupils in all areas of their development.

The Board's other objective is to develop bursaries with a view to further increasing the School's intake of boys from lower income families and to extend working arrangements with other charities and state schools to provide access to our facilities for those who cannot come to the School itself. We set aside funds for bursary awards to help those in need of assistance with our school fees.

Review of Achievements and Performance for the Year

Academic

The achievements of pupils demonstrate the school's continued success. Lochinver boys are in demand and in the last 10 years we have sent boys to over 20 different schools. Our leavers gain successful entry to their chosen senior schools. 32 boys transitioned at 13+: Aldenham 4, Brighton College 1, Harrow 1, Merchant Taylors 2, Mount House 2, St Albans 18, St Margaret's 2, St Edmund's 1, Westminster 1. A further 12 boys left us at 11+: 1, Dame Alice Owen 1, Haberdashers 2, Hockerill Anglo-European College 2, Merchant Taylor's School 3, QE Boys 1, Richard Hale 1, St Columba's College 1. These accomplishments have been made possible by the recruitment of the highest quality staff and by maintaining a high teacher to pupil ratio which ensures that teaching methods can be suited to individual needs. Teaching staff regularly attend training courses in order to enhance their personal performance and to improve the quality of the curriculum. The school reviews its academic syllabus and teaching methods in order to benchmark standards and value-added criteria.

Extra-Curricular activities

Following the global impact of Covid-19 the School was once again able to run overseas trips, as well as a full summer programme of UK-Based residential term-time trips that were offered to every pupil in Years 5-8. The School maintained its wide educational programme to provide as many extra-curricular activities for the children as possible. Hence, educational visits have been undertaken and workshops have been provided. Extended care at both ends of the day has enriched children's experience and has supported and enabled working parents.

Music remains very strong at the school with a large uptake of participants. Many of our boys learn an instrument with half of those learning two or more to progress through ABRSM grade exams. Our weekly composition club which builds on class music lessons and the use of Sibelius software led to boys hearing their own compositions being played by a visiting professional string quartet.

The school continues to put out a tremendous number of sports teams, supporting inclusion as well as performance at the highest level. This year once again we competed against other schools across a wide range of sports including, basketball, rugby, football, athletics, cricket and cross country. Some boys are contracted to professional clubs.

Developments in the School

During the year the school commissioned a range of projects to improve the fabric of the school and enhance facilities for the boys. Two significant projects were undertaken during the summer holidays. One was to repair several of the school's roofs, which were poorly insulated. This included reroofing the Armitage Building, which gives us the option to install solar panels. The second project was to replace the heating system in the main house. The new system is much more efficient and controllable and will greatly reduce the amount of energy that is used in the main house.

In addition we have resurfaced the play area outside the pre-prep, rejuvenated the Astro-turf, installed safety railings and installed new stairs leading to the IT suite. We continue to invest in IT and digital resources for the benefit of the boys, including a full upgrade of the school Wi-Fi and firewall. From September 2023 all boys in year 5 and above will have the use of their own iPad, with classes in lower year groups all having direct access to one-to-one portable devices..

Public Benefit

The Governors have considered the requirements explained in guidance produced by the Charity Commission, on their duty to report in the Annual Report on public benefit.

Bursaries

The Governors recognise that the level of independent education fees may exclude many boys from applying for a place at the School but they are committed to widening the access to the education offered. Accordingly, the Governors set a fixed sum to provide bursaries for those boys whose parents could otherwise not afford to send them to our School. The Governors have a formal Bursary Policy and a Governors' Bursary Award Committee assesses all applications and report to the Board. Details of bursaries are included on the School Website. The Governors budgeted £134,000 for bursaries in 2022/23 (2021/2022: £142,000) an amount which is reviewed on an annual basis.

In 2022/23 the School supported seven (2021/22: nine) pupils through our Bursary Scheme, one (2021/22: three) of whom were on a full bursary. The support which is available on a needs basis as determined by the Governors' Bursary Award Committee reduced annual income from scale fees by £77,599 (2021/22 £93,550). The Governors have increased the level of funding for bursaries for the financial year 23/24 and continue to seek to recruit bursary candidates via the Admissions process.

Other Public Benefit

The school continues to support various good causes via the Head Boys' Charities. The donations support various national and local charities which benefit the community. In 2022/23 the charities were Breast Cancer Now, The Stroke Association and RNLI.

The facilities of the school are made available to outside organisations to benefit the education of children and adults. School links with the community continue with our association with the local youth organisations. We also have strong links with the residents' association, printing their newsletters in-house.

Equality Diversity and Inclusion (EDI)

The Board views EDI as an "all school" strategic priority in which all stakeholders are involved in the development and implementation, allowing us to gain a better understanding of the lived experiences of our pupils, staff, parents and community. Our EDI strategy sits alongside our Equal Opportunities Policies. A key mission is to achieve an enriched community becoming more equitable, diverse and inclusive; strengthened and anchored by our Core Values of Honesty, Kindness and Respect.

Charity Fundraising

The school has not made any fundraising appeals to the general public during the year and is unlikely to do so in the future. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

Volunteers

Volunteers from our parent body continue to provide invaluable support to our educational programme. The school continues to enjoy the support of volunteers and parental helpers in the classroom. The level of this voluntary service is invaluable to the school in providing the excellent level of education to which the school is committed. The Governors would like to thank all those volunteers for their valuable support. The school also appreciates the number of parents who donate their time to take boys for reading support. The Parent Teacher Association meets regularly to organise and run social events to raise funds for the school. In 2022/23 these included the Christmas Fayre, Easter Egg Hunt, Summer Fete, a wonderful leaving event for Mr Walker and the ever-popular Bingo Night.

Looking ahead

The key objective continues to be the provision of a high-quality education for boys aged between four and thirteen to allow them to achieve the highest academic standards.

2022/23 was the final year under the leadership of Ben Walker as Head and the first year with Nick Gilbert as Chair of the Governors. In September 2023 we welcomed Jonathan Wadge, an experienced Head, as our new Head and in the coming terms Jonathan will work with Nick, the Board of Governors and the Senior Leadership Team to develop the next strategic plan for the school as it navigates the challenging political and economic times that are currently impacting the sector.

Financial Results

The results are shown in the accompanying financial statements on pages 15 to 17. During the financial year, the School generated income of £5,514,176 (2022: £5,181,879) from school activities.

Expenditure of £5,377,292 (2022: £4,948,249) was incurred.

Additions to fixed assets totalled £1,128,859 (2022: £331,870) and included £46,513 (2022: £64,622) for computer equipment, £559,450 (2022: £248,578) on building improvements and equipment, £48,261 (2022: £11,400) on motor vehicles, and £474,635 (2022: £7,270) on fixtures & fittings.

The School has an objective to achieve a surplus each year to ensure that there are sufficient reserves to manage the School prudently and to provide funds for future capital expenditure. The accumulation of reserves to date enables the ongoing implementation of the School's Development Plan.

Notes 13 to 16 split the reserves between those held for a specific purpose (restricted funds) and those available for the day-to-day requirements of the School (unrestricted funds). The School's assets are considered sufficient to meet its obligations.

Key management personnel

The Governors have identified the Head and Bursar as key management personnel. The salary of these key management personnel is set by the Board of Governors after assessing their performance and reviewing market benchmarks.

Investment Performance

The Articles of Association permit funds to be invested in such investments, securities and property as may be thought fit. At present investment income is generated by placing funds with up to three separate banks to minimise risk, as determined by the Bursar, to whom such responsibilities are delegated by the Governors under the Terms of Reference of the Treasury Policy.

Resources and reserve policy

The school's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,671,812 (2022: £5,280,099) represents unrestricted funds retained to finance the freehold property of the school. The balance of the unrestricted funds of £4,090,086 (2022: £4,359,657) represents general reserves to cover normal fluctuations in working capital, to finance the continuing development of the School and to help fund provision for bursaries. The balance of restricted funds is £8,286 (2022: £8,294) which represent funds raised by the boys for external charitable purposes.

Principal Risks & Uncertainties

The Governors carry out regular reviews of the school's activities and operations. As part of that review process a Risk Management Committee reviewed the actions taken, or proposed to be taken, by the School to identify and manage the main risks to which the School is exposed. Through the reports and recommendations of the Risk Management Committee, the Governors monitor the effectiveness of the school's internal policies and procedures for the management of such risks, including the adequacy of the school's insurance cover.

The school has identified the following as the principal risks it faces: –

- In common with many schools, maintaining pupil numbers when birth rates are declining nationally poses a financial risk. We are also aware that more parents are feeling the impact of high inflation and spiralling food and energy costs. Strategies for managing this risk include the introduction of Little Lochies in September 2024 to bring boys into the School in their preschool year and developing a marketing strategy to support pupil recruitment and retention. There are also robust processes around the provision of bursaries to attract a wider group of families to the School.
- The capacity of the school to adapt practically and efficiently to changes in the legislative requirements for the education and charity sectors. Strategies for managing this risk include detailed financial planning to ensure that the school has robust plans to mitigate the impact of the imposition of VAT on School fees and other such changes, should this situation arise. The School also has dedicated HR & Compliance Manager and compliance is addressed at every meeting of the Board of Governors. Senior staff and Governors undertake frequent training and receive sector updates to ensure they remain well informed of upcoming legislative changes.
- Recruitment and retention of staff of the required calibre to maintain the high standards of the school. We ensure that our inclusive recruitment process communicates all that we offer to staff, both new and existing, in terms of employment package, positive culture, high-quality environment and career opportunity supported by well-resourced training.

The Board recognises that it is impossible to guarantee that all risk has been eliminated entirely but strives to ensure strategies, systems and plans are in place to mitigate identifiable risks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also Directors of Lochinver House School for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions, 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.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

AUDITOR

Haysmacintyre LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving this Governors Report, the Board are also approving the Strategic Report included herein their capacity as company directors.

Approved by the Board of Directors at its meeting on

and signed on its behalf by:

N R Gilbert
Chair

Opinion

We have audited the financial statements of Lochinver House School for the year ended 31 August 2023 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which includes the strategic report and the directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 10, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to ISI regulations, health and safety law, safeguarding regulations, GDPR and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 211 and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.

Thomas Wilson (Senior Statutory Auditor)
For and behalf of Haysmacintyre LLP, Statutory Auditor
Date

10 Queen Street Place
London
EC4R 1AG

LOCHINVER HOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2023

	Note	Restricted Fund £	Unrestricted Fund £	Total 2023 £	Total 2022 £
INCOME FROM:					
Charitable activities					
School Fees receivable	2	-	5,295,335	5,295,335	5,024,229
Registration fees and other income	3	-	139,885	139,885	128,604
Donations		7,792	16,714	24,506	15,136
Other trading activities					
Rents and lettings		-	7,871	7,871	11,619
Investment income	6	-	46,579	46,579	2,291
Total income		<u>7,792</u>	<u>5,506,384</u>	<u>5,514,176</u>	<u>5,181,879</u>
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		7,800	5,384,242	5,392,042	4,948,249
Total expenditure	7	<u>7,800</u>	<u>5,384,242</u>	<u>5,392,042</u>	<u>4,948,249</u>
Net (expenditure)/income		-8	122,142	122,134	233,630
Transfers between funds		-	-	-	-
Net movement in funds		<u>-8</u>	<u>122,142</u>	<u>122,134</u>	<u>233,630</u>
Balances brought forward		8,294	9,639,756	9,648,050	<u>9,414,420</u>
Balances at carried forward	13	<u><u>8,286</u></u>	<u><u>9,761,898</u></u>	<u><u>9,770,184</u></u>	<u><u>9,648,050</u></u>

There were no acquisitions or discontinued activities during the year. There were no other recognised gains or losses during the year.

The accompanying notes form part of these accounts.

BALANCE SHEET

AS AT 31 AUGUST 2023

	Notes	£	2023	£	£	2022	£
FIXED ASSETS							
Tangible assets							
School land, buildings and equipment	9			6,451,769			5,647,648
CURRENT ASSETS							
Debtors	10	160,226			107,861		
Cash at bank and in hand		4,868,304			5,138,371		
		<u>5,028,530</u>			<u>5,246,232</u>		
CREDITORS: amounts falling due within one year	11	(1,556,390)			(1,084,679)		
NET CURRENT ASSETS				3,472,140			4,161,553
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>9,923,909</u>			<u>9,809,201</u>
CREDITORS: amounts falling due after one year	12			(153,725)			(161,151)
TOTAL NET ASSETS				<u>9,770,184</u>			<u>9,648,050</u>
CAPITAL AND RESERVES							
Unrestricted funds	13						
Designated: School Buildings				5,671,812			5,280,099
General funds				4,090,086			4,359,657
	15			<u>9,761,898</u>			<u>9,639,756</u>
Restricted funds	16			8,286			8,294
				<u>9,770,184</u>			<u>9,648,050</u>

Approved by the Board of Directors at its meeting on
by:

and signed below on its behalf

N R Gilbert
Chair of Governors

LOCHINVER HOUSE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

		2023 £	2022 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	809,164	888,947
Cash flows from investing activities:			
Interest received		46,579	2,291
Proceeds from sale of fixed assets		3,050	5,350
Payments for tangible fixed assets		(1,128,860)	(331,870)
Net cash used in investing activities		(1,079,231)	(324,229)
Change in cash in the reporting year		(270,067)	564,718
Cash at the beginning of the reporting year		5,138,371	4,573,653
Cash at the end of the reporting year	B	4,868,304	5,138,371
A. Reconciliation of net income to net cash flow from operating activities			
		2023 £	2022 £
Net income for the reporting year			
(as per the statement of financial activities)		122,134	233,630
Adjustments for:			
Depreciation charges		252,755	252,543
Loss (Profit) on disposal of fixed assets		68,934	(1,988)
Interest received		(46,579)	(2,291)
Decrease(increase) in Debtors		(52,365)	45,425
Increase in creditors		464,285	361,628
Net cash provided by operating activities		809,164	888,947
B. Analysis of cash and cash equivalents			
		2023 £	2022 £
Cash at bank		4,868,304	5,138,371
Total cash and cash equivalents		4,868,304	5,138,371

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the school is considered to be GBP because that is the currency of the primary economic environment in which the school operates.

The school is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee (company number: 04374254 and charity number: 1091045).

a) Basis of Preparation

The accounts are prepared under the historical cost convention.

b) Going concern

Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the Governors have an expectation that the school has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 11.

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, Governors are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affected current and future years.

Judgements made by the Governors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

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

d) Fees and Similar Income

Fees receivable and other fees are accounted for in the year in which the service is provided. Fees receivable represent fees less bursaries and allowances and other income derived from the School's continuing activities.

e) Investment income

Investment income from bank balances and fixed interest securities is accounted for on an accruals basis.

1. ACCOUNTING POLICIES (continued)

f) Donations, legacies, grants and other voluntary income

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

g) Expenditure

Expenditure is accounted for on an accruals basis and are allocated to expense headings on a direct cost basis. The irrecoverable VAT is included with the item of expense to which it relates. Governance costs comprise costs incurred in meeting statutory and constitutional requirements of the School.

h) Tangible Fixed Assets

No depreciation is provided on freehold land. For all other assets, depreciation is calculated to write off the cost of the item over the anticipated useful life as follows:

Freehold buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Long-term fixtures, fittings and equipment	4% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% reducing balance basis

Items costing less than £1,000 are written off as an expense as acquired. Items are depreciated only for six months in the year of acquisition.

i) Pension contributions

The company contributes to the Teachers' Pension Scheme at rates set by the scheme actuary. It is part of a multi-employer scheme and it is not possible to attribute a value to the scheme assets and liabilities which would be appropriate to the company. In accordance with FRS 102 the scheme is accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year. The company also contributes to personal pension schemes for non-teaching staff and these contributions are charged to the profit and loss account in the year in which they are incurred.

j) Unrestricted Funds

Unrestricted Funds are funds applied at the discretion of the Governors in furtherance of the objects of the school.

k) Restricted funds

This represents the monies received for specific purposes as disclosed in note 16.

l) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised apart from investments which are held at fair value. Financial assets held amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions

1. ACCOUNTING POLICIES (continued)

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

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

o) Creditors and provisions

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

2. FEES RECEIVABLE	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Gross fees	5,402,652	5,140,789
Less: total bursaries and staff concessions	(107,317)	(116,560)
Fees Receivable	<u>5,295,335</u>	<u>5,024,229</u>
3. REGISTRATION FEES AND OTHER INCOME	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Registration and other fees including initial deposits forfeited	54,641	58,594
Sundry income	13,555	9,120
Before & After School clubs and music tuition	71,689	60,890
	<u>139,885</u>	<u>128,604</u>
4. STAFF COSTS	2023 £	2022 £
Staff costs incurred were as follows:		
Wages and salaries	2,867,763	2,784,210
Social security costs	288,420	274,533
Other pension costs	476,770	456,499
Other costs	132,897	31,180
	<u>3,765,850</u>	<u>3,546,422</u>

There was a termination payment made in the year totalling £5,000.

The average number of employees during the year within each category of persons was:

	Number	Number
Teaching	77	87
Welfare and premises	18	21
Administration	10	9
	<u>105</u>	<u>117</u>

The Governors received no remuneration. No Governors were reimbursed expenses during the year (2022: £nil).

	£	£
Aggregate employee benefits of key management personnel	<u>436,372</u>	<u>269,342</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

4. STAFF COSTS (continued)

The number of higher paid employees (including taxable benefits but excluding employers' pension contributions) to 31 August 2023 was:

	2023 Number	2022 Number
£60,001 - £70,000	2	-
£70,001 - £80,000	-	-
£80,000 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	2
	<u>1</u>	<u>2</u>

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 £424,402 (2022: £383,756) and at the year-end £44,574 (2022: £45,000) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 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.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in 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 was certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and following a public consultation in 2021, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

The 2016 cost control valuations were completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has indicated that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed, 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.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

5. EXPENDITURE

	2023	2022
	£	£
Direct charitable expenditure includes:		
Depreciation	252,755	252,543
Governance costs include:		
Auditors' remuneration		
- audit	13,250	12,200
- non audit	1,500	1,300
Directors liability insurance	1,548	1,548

6. INVESTMENT INCOME

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Bank interest	46,579	2,291

7. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	Total 2023 £
Charitable activities				
School Operating Costs:				
Teaching	3,008,396	262,579		3,270,975
Welfare	113,664	126,827		240,491
Premises and equipment	237,333	749,060	252,755	1,239,148
Support and governance costs	406,457	227,171		633,628
Head Boys' charitable donations	-	7,800	-	7,800
	<u>3,765,850</u>	<u>1,373,437</u>	<u>252,755</u>	<u>5,392,042</u>

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2023****ANALYSIS OF TOTAL EXPENDITURE
(Prior Year)**

	Staff costs £	Other £	Depreciation £	Year-ended Total 2022 £
Charitable activities				
School Operating Costs:				
Teaching	2,843,130	327,856	-	3,170,986
Welfare	105,024	115,462	-	220,486
Premises and equipment	165,273	468,354	252,543	886,170
Support and governance costs	432,995	225,972	-	658,967
Head Boys' charitable donations	-	11,640	-	11,640
	<u>3,546,422</u>	<u>1,149,284</u>	<u>252,543</u>	<u>4,948,249</u>

8. PENSION COMMITMENTS

Staff costs include payments by the company to the Teachers' Pensions Scheme of £424,402 (2022: £383,756) and to an individual defined contribution scheme on behalf of certain employees of £52,368 (2022: £43,893). The amount at the year end was £44,574 relating to August 2023 and this has been accrued. (2022: £45,000)

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

9. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Fixtures Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2022	425,806	6,705,747	488,576	481,364	135,515	8,237,008
Additions	-	559,451	474,636	46,513	48,260	1,128,860
Disposals	-	-	(87,753)	(51,654)	(15,250)	(154,657)
At 31 August 2023	425,806	7,265,198	875,459	476,223	168,525	9,211,211
Depreciation						
At 1 September 2022	-	1,883,199	256,747	343,514	105,900	2,589,360
Charge for the year	-	135,992	52,473	57,008	7,282	252,755
Disposals	-	-	(35,655)	(32,254)	(14,764)	(82,673)
At 31 August 2023	-	2,019,191	273,565	368,268	98,418	2,759,442
Net Book Value						
At 31 August 2023	425,806	5,246,007	601,894	107,955	70,107	6,451,769
At 31 August 2022	425,806	4,822,548	231,829	137,850	29,615	5,647,648

The above assets include those acquired from Lochinver House School Trust on 31 March 2002 for £2,985,449 being the net book value to the Trust at the date of transfer. The land and buildings were originally acquired by that Trust in 1957 when the School was founded by Trust Deed and since that date, various improvements and extensions had been made to the buildings.

The remainder of the assets have been acquired since the company was incorporated and are stated at cost less depreciation.

10. DEBTORS

	2023 £	2022 £
Fees receivable	43,915	51,470
Other debtors and prepayments	116,311	56,391
	160,226	107,861

11. CREDITORS: amounts falling due within one year

	2023 £	2022 £
Fees in advance and initial deposits	523,027	570,765
Trade creditors	115,142	142,523
Other creditors and accruals	918,221	371,371
Other taxation and social security	-	20
	1,556,390	1,084,679

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

12. CREDITORS: amounts falling due after more than one year	2023 £	2022 £
Long term deposits held	153,725	161,151

13. MOVEMENT IN FUNDS	Balance at 1 September 2022 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2023 £
Unrestricted funds					
School Buildings fund	5,280,099	-	-	391,713	5,671,812
Other reserves	4,359,657	5,506,384	(5,384,242)	(391,713)	4,090,086
	<u>9,639,756</u>	<u>5,506,384</u>	<u>(5,384,242)</u>	<u>-</u>	<u>9,761,898</u>
Restricted funds	8,294	7,792	(7,800)	-	8,286
Total	<u>9,648,050</u>	<u>5,514,176</u>	<u>(5,392,042)</u>	<u>-</u>	<u>9,770,184</u>

MOVEMENT IN FUNDS (Prior Year)	Balance at 1 September 2021 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2022 £
Unrestricted funds					
School Buildings fund	5,131,404	-	-	148,695	5,280,099
Other reserves	4,273,747	5,171,214	(4,936,609)	(148,695)	4,359,657
	<u>9,405,151</u>	<u>5,171,214</u>	<u>(4,936,609)</u>	<u>-</u>	<u>9,639,756</u>
Restricted funds	9,269	10,665	(11,640)	-	8,294
	<u>9,414,420</u>	<u>5,181,879</u>	<u>(4,948,249)</u>	<u>-</u>	<u>9,648,050</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	2023 Total £
Fixed assets	6,451,769	-	6,451,769
Debtors	160,226	-	160,226
Cash at bank and in hand	4,860,008	8,296	4,868,304
Creditors	(1,710,115)	-	(1,710,115)
	<u>9,761,888</u>	<u>8,296</u>	<u>9,770,184</u>

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2023****ANALYSIS OF NET ASSETS BETWEEN FUNDS
(Prior Year)**

	Unrestricted £	Restricted £	2022 Total £
Fixed assets	5,647,648	-	5,647,648
Debtors	107,860	-	107,860
Cash at bank and in hand	5,130,077	8,294	5,138,371
Creditors	(1,245,829)	-	(1,245,829)
	<u>9,639,756</u>	<u>8,294</u>	<u>9,648,050</u>

15. UNRESTRICTED FUNDS

The School's unrestricted funds represent two types of fund. The designated "School Buildings" of £ 5,280,099 (2022: £5,280,099) represents unrestricted funds retained to finance the freehold property of the School. The balance of the general funds of £4,496,549 (2022: £4,359,657) represents free reserves to cover normal fluctuations in working capital and to finance the continuing development of the School and the value of other fixed assets.

16. RESTRICTED FUNDS

The restricted funds of £8,286 (2022: £8,294) relate to monies held by the School on behalf of pupils for external charitable purposes. Transfers from restricted funds have been made to reflect the assets funded from restricted donations becoming unrestricted upon purchase.

17. CAPITAL COMMITMENTS

There were no capital commitments at the year end (2022 - £nil).

18. FINANCIAL COMMITMENTS

At 31 August 2023 the charity had annual commitments under non-cancellable operating leases of £6,682 due within one year (2022: £6,682) and £13,358 due between two and five years (2022: £20,040).

19. TRANSACTIONS WITH RELATED PARTIES

During the year the company paid for the Directors' liability insurance. The cost of the premium is included within the total cost of insurance and amounted to £1,548 (2022: £1,548).

During the year, the School paid £2,946 (2022 £3,060) to Helen Philp, a Governor of the School for her services as a supply teacher.

There were no other related party transactions during the year (2022: None).

20. LIABILITY OF MEMBERS

The company is limited by guarantee and as such each member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2023

21. NET DEBT RECONCILIATION

	At 1 September 2022 £	Cashflows £	Other non- cash changes £	At 31 August 2023 £
Cash at bank and in hand	5,138,371	(270,067)	-	4,868,304
	<u>5,138,371</u>	<u>(270,067)</u>	<u>-</u>	<u>4,868,304</u>
	At 1 September 2021 £	Cashflows £	Other non- cash changes £	At 31 August 2022 £
Cash at bank and in hand	4,573,653	564,718	-	5,138,371
	<u>4,573,653</u>	<u>564,718</u>	<u>-</u>	<u>5,138,371</u>

Accounts

LOCHINVER HOUSE SCHOOL
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

Charity Number: 1091045
Company Number: 04374254

LOCHINVER HOUSE SCHOOL

HEAD'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

HEAD'S REPORT

Lochinver House School celebrated its 75th anniversary year with some tremendously high achievements. As runners up in the Independent Schools of the Year Awards, we achieved a top judgement of 'excellent' in all areas of our Focused Compliance and Educational Quality Inspection in February 2022. This backed up the same grades confirmed in our previous full inspection. Our core values of Honesty, Kindness and Respect resonate through our truly diverse and inclusive community to enrich a learning journey strengthened by our 7 'learning powers'. Our boys are known as individuals, nurtured as learners and enabled as contributors to the communities they will serve. Excellent academic progress has been happily maintained, with 15 scholarship offers to Lochinver Boys at both 11+ and 13+.

The 75th anniversary celebrations were a focal point for our vibrant Parent Teacher Association. Certainly, schools have been important hubs for community during such a time of dislocation and separation, nationally. The Head Boys' Charities, a long-standing pupil-led initiative, once again proposed and then democratically selected the year's three charities: Dementia UK, Sahara Conservation fund, and Lakeside School, a local School for young people with profound needs. Our pupils raised £10,500 in total, equally split between the charities' representatives attending the final presentation event.

The school has ensured the positive provision of sports fixtures and a full programme of residential trips. Events such as our act of remembrance, pumpkin carving at Halloween, history workshops, Christmas production, Christmas Fayre, dramatic presentations across the age range, Music concerts and Sports Days for all, have been valued as uniting experiences. The pupil-devised Year 8 Leavers' Play was an exuberant celebration of creativity and talent. In this way the School has truly been a champion of hope and healthy minds.

Focusing upon sporting endeavour, we have become National Independent School Basketball champions once again. Our senior rugby players became County Sevens champions and our under 11 cricketers went one better in reaching the national finals and in becoming bronze medalists. With significant participation in the national athletic finals, sport at Lochinver continues to impress.

Our partnership with Dr Kathy Weston as a 'Tooled-Up Education School' continues. This new partnership has given our staff, pupils and parents access to a constantly updated resource library of world-class, research-based advice. Lochinver has made available to its parents, advice for effective parenting in response to a complex and changing world. This has complimented the continued work that the school does on digital wisdom and safety in partnership with Karl Hopwood.

The quality, commitment and ability of our teaching staff, remains the School's most valued asset, with senior leaders contributing, from the podium, to national conferences during the year.

Lochinver is a gently selective school specialising in a well-rounded education for boys. We provide a bespoke and nurturing journey of challenge for success at both 11+ and 13+. We are grounded - not grand, and our pupils are respected for being diverse, dynamic, honest and kind. Strong values equip our boys with adaptable learning power for an onward journey to world class schools.

Ben Walker
Head

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The Directors present their report and audited financial statements for the year ended 31 August 2022.

Reference and Administrative Information

Lochinver House School was founded by Trust Deed in 1947. A Company Limited by Guarantee, Lochinver House School, was incorporated on 14 February 2002 to own and manage the school. The assets and liabilities of the school were transferred from Lochinver House School Trust to the Limited Company on 1 April 2002 when it commenced its educational activities. The school is a registered charity, number 1091045 and is constituted as a company limited by guarantee. Its objects, powers and other constitutional matters are set out in its Memorandum and Articles of Association. It is governed by a Board of Governors which is responsible for setting the strategic direction of the school and for establishing policy. The financial statements and report comply with the current statutory Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), The Charities Act 2011 and the Companies Act 2006.

Directors

The governing body of the company is known as the Board of Governors. The Members of the Board are also the charity Governors for the purposes of charity law and Directors for the purpose of company law. They are also the company members. Throughout this report they are collectively referred to as the Governors. Those who served during the year and since the year end were:

W R Moores	Chair (resigned 31 st August 2022)
N Gilbert	Chair (appointed as Chair 1 st September 2022)
D A Taylor	Vice Chair (Chair: Risk Management Committee)
B Aitken	Chair: Finance and General Purpose Committee – (appointed as Chair 1 st September 2022)
M Collier	
S Coombs	
A English	EDI Co-Lead
J Gillespie	
D Hamalis	Chair: Education Committee, Safeguarding Lead
O Jacobs	
J Le Couilliard	
H Philp	
J Taylor-Cummings	EDI Co-Lead
A Walker	
A Ward	

They are elected at a full Governors' Meeting for a term of three years. They can be re-elected for up to three further consecutive terms of three years but shall not then be eligible for re-election without a break of at least twelve calendar months except by resolution of the Board.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Key Executives and Professional Advisers

The Head	B C Walker B.A.(Hons), PGCE
The Bursar/Company Secretary	J C Smithson B.A. (Hons), FCA (Resigned 31 st August 2022) J Long B.Sc., ACA (Appointed 1 st November 2022)
Address	Lochinver House School Heath Road Little Heath Potters Bar Hertfordshire EN6 1LW
Bankers	National Westminster Bank Commercial Banking 1st Floor 30 Clarendon Road Watford, Hertfordshire WD17 1GQ
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Structure, Governance and Management

Governing Document

The Company is governed by its Articles of Association. The Articles were reviewed and updated in 2015. The objects of the Company are 'to advance education by the carrying on of a preparatory school for boys known as Lochinver House School'.

Governing Body

The Governors are Directors and are elected at a meeting of the Board of Governors. Governors are recruited by nomination taking regard of special skills, personal qualities and the principles of diversity and inclusion to ensure that the Board retains an effective balance of expertise to strengthen the management of the Charity and reflects the composition of its stakeholders. Governors are eligible to serve for an initial period of three years.

Governor Training

New Governors are provided with an induction pack containing Board policy and procedures, schemes of governance and information regarding the work and operations of the School. Governors are encouraged to attend suitable training courses which deal with their responsibilities in relation to the Companies Act, Charity Law and Department for Education requirements as the need arises and are encouraged to attend new Governor induction courses.

Organisational Management

There are normally three full Board Meetings each year where the Governors meet and review the policies of the Charity for which they are responsible. The Finance and General Purposes Committee meet to review budgets, accounts and reports and makes recommendations to the Board of Governors. The Governors have a programme of regular visits to the school to witness and monitor the charity's work in action. Day to day running of the School is delegated to the Head and the Bursar, supported by the School Senior Leadership Team.

The school, through its officers, is represented in a number of organisations including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Association of Prep Schools (IAPS) and the Independent Schools' Bursars' Association (ISBA).

Structure and Relationships

The Head is an active member of IAPS which promotes and maintains standards in preparatory schools. The school takes an active part in numerous professional studies for the evaluation of quality and performance.

Outside of the Covid-19 restrictions, we co-operate with as many local charities, clubs and associations as we can to widen public access to the education we provide and promote the educational benefits of using our sporting facilities. We have an arrangement with a local state junior school that use our science laboratories each week which makes a positive contribution to their education.

Objects, Public Benefit, Aims, Objectives and Principal Activities

The school's aim is to provide public benefit, in compliance with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance, and in accordance with its Articles of Association, which is to educate boys up to the age of thirteen.

Strategic Aim and Intended Effect

The Board's strategic aim is to reach its annual objective for the public benefit as a charitable Independent School through the provision of a high-quality education for boys between the ages of four and thirteen to allow them to achieve the highest academic standards in preparation for entry into the senior school of their own and their parents' choice.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Our wider admission policy enables us to help boys from lower income or otherwise disadvantaged families to benefit from the core educational provision and the extra-curricular programme. The school also aims to draw out all boys' abilities and academic potential and to develop their wider interests in life within a secure and stable environment to enable them to participate in society and their community.

Principal Activity

The school's principal activity continues to be the provision of an excellent standard of education for boys aged four to thirteen.

Objectives

The Board's main objective continues to be to educate all pupils to a high standard each year, which benefits their chosen senior school for the completion of their education. The school has a three year whole school development plan which is regularly reviewed and updated. The school is committed to reviewing its academic syllabus and teaching methods. The facilities are upgraded regularly to provide modern buildings and amenities, which stimulate the pupils in all areas of their development.

The Board's other objective is to develop bursaries with a view to further increasing the School's intake of boys from lower income families and to extend working arrangements with other charities and state schools to provide access to our facilities for those who cannot come to the School itself. We set aside funds for bursary awards to help those in need of assistance with our school fees.

Review of Achievements and Performance for the Year

Academic

The achievements of pupils demonstrate the school's continued success. Lochinver boys are in demand and in the last 10 years we have sent boys to over 20 different schools. Our leavers gain successful entry to their chosen senior schools. 34 boys transitioned at 13+: Aldenham 5, Bedford 1, Eton 1, Haileybury 3, Merchant Taylors 3, Millfield 1, Mill Hill 2, St Albans 15, St Columba's 2 and St Edmunds 1. A further 18 boys left us at 11+: Aldenham 1, Bedford 1, Chancellor's 2, City of London 1, Dame Alice Owen 1, Haberdashers 5, Merchant Taylor's School 2, Mount House 3, Sevenoaks 1, Woodside High 1. These accomplishments have been made possible by the recruitment of the highest quality staff and by maintaining a high teacher to pupil ratio which ensures that teaching methods can be suited to individual needs. Teaching staff regularly attend training courses in order to enhance their personal performance and to improve the quality of the curriculum. The school reviews its academic syllabus and teaching methods in order to benchmark standards and value-added criteria.

Extra-Curricular activities

Though the global impact of Covid-19 restricted the School from engaging in *overseas* trips, a full summer programme of UK-Based residential term-time trips were offered to every pupil in Years 5-8. The School maintained its wide educational programme to provide as many extra-curricular activities for the children as possible. Hence, educational visits have been undertaken and workshops have been provided. Extended care at both ends of the day has enriched children's experience and has supported and enabled working parents.

Music remains very strong at the school with a large uptake of participants. Over half of our boys learn an instrument with half of those learning two or more to progress through ABRSM grade exams. Our weekly composition club which builds on class music lessons and the use of Sibelius software led to boys hearing their own compositions being played by a visiting professional string quartet.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

The school continues to put out a tremendous number of sports teams, supporting inclusion as well as performance at the highest level. This year once again we have become national IAPS basketball champions, became county Rugby 7s champions, Hertfordshire Under 11 cricket champions and went on to win bronze medals in the subsequent national finals. Some boys are contracted to professional clubs.

Developments in the School

A new adventure playground was built and opened this year. A significant provision of educational play equipment for the Early Years and Pre-Prep has significantly enhanced the value of playtimes. The plan for the school's refurbishment will be carried out in line with the three year School Development Programme (see below). IT continues to be embedded throughout the school with a cyclical replacement programme in place. That investment has continued to underpin independent and extended learning and is valued greatly by our pupils and their families.

Public Benefit

The Governors have considered the requirements explained in guidance produced by the Charity Commission, on their duty to report in the Annual Report on public benefit.

Bursaries

The Governors recognise that the level of independent education fees may exclude many boys from applying for a place at the School but they are committed to widening the access to the education offered. Accordingly, the Governors set a fixed sum to provide bursaries for those boys whose parents could otherwise not afford to send them to our School. The Governors have a formal Bursary Policy and a Governors' Bursary Award Committee assesses all applications and report to the Board. Details of bursaries are included on the School Website. The Governors budgeted £142,000 for bursaries in 2021/2022 (2020/2021: £142,000) an amount which is reviewed on an annual basis.

In 2021/2022 the School supported nine (2020/2021: thirteen) pupils through our Bursary Scheme, three (2020/21: four) of whom were on a full bursary. The support which is available on a needs basis as determined by the Governors' Bursary Award Committee reduced annual income from scale fees by £ 93,550 (2020/2021 £126,897). The Governors have maintained the level of funding for bursaries for the financial year 22/23 and continue to seek to recruit more bursary candidates via the Admissions process.

Other Public Benefit

The school continues to support various good causes via the Head Boys' Charities. The donations support various national and local charities which benefit the community. In 2021/2 the charities were Sahara Conservation, the Royal Marsden, Lakeside School and Dementia UK.

The facilities of the school are made available to outside organisations to benefit the education of children and adults. School links with the community continue with our association with the local youth organisations. We also have strong links with the residents' association, printing their newsletters in-house.

Equality Diversity and Inclusion (EDI)

The Board views EDI as an "all school" strategic priority in which all stakeholders are involved in the development and implementation, allowing us to gain a better understanding of the lived experiences of our pupils, staff, parents and community. Our EDI strategy sits alongside our Equal Opportunities Policies. A key mission is to achieve an enriched community becoming more equitable, diverse and inclusive; strengthened and anchored by our Core Values of Honesty, Kindness and Respect. Two Governors are jointly leading the school strategy.

Charity Fundraising

The school has not made any fundraising appeals to the general public during the year and is unlikely to do so in the future. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Volunteers

Volunteers from our parent body continue to provide invaluable support to our educational programme. The school continues to enjoy the support of volunteers and parental helpers in the classroom. The level of this voluntary service is invaluable to the school in providing the excellent level of education to which the school is committed. The Governors would like to thank all those volunteers for their valuable support. The school also appreciates the number of parents who donate their time to take boys for reading support. The Parent Teacher Association meets regularly to organise and run social events to raise funds for the school. One example has been the celebrations around our 75th anniversary this year. Such community activities have been especially valued at this time, as we emerge from the dislocating strictures of the pandemic. Lochinver has provided a hub for reconnection and community initiative, supporting wellbeing and positive purpose for so many.

Looking ahead

The key objective continues to be the provision of a high-quality education for boys aged between four and thirteen to allow them to achieve the highest academic standards.

The school has a three year Development Programme covering the curriculum, premises, staff training, pupil development and the provision of bursary support.

Financial Results

The results are shown in the accompanying financial statements on pages 13 to 15. During the financial year, the School generated income of £5,181,879 (2021: £4,914,154) from school activities.

Expenditure of £4,948,249 (2021: £4,529,578) was incurred.

Additions to fixed assets totalled £331,870 (2021: £176,153) and included £64,622 (2021: £87,628) for computer equipment, £248,578 (2021: £26,579) on building improvements and equipment, £11,400 (2021: £nil) on motor vehicles, and £7,270 (2021: £61,745) on fixtures & fittings.

The School has an objective to achieve a surplus each year to ensure that there are sufficient reserves to manage the School prudently and to provide funds for future capital expenditure. The accumulation of reserves to date enables the ongoing implementation of the School's Development Plan.

Notes 13 to 16 split the reserves between those held for a specific purpose (restricted funds) and those available for the day to day requirements of the School (unrestricted funds). The School's assets are considered sufficient to meet its obligations.

Key management personnel

The Governors have identified the Head and Bursar as key management personnel. The salary of these key management personnel is set by the Board of Governors after assessing their performance and reviewing market benchmarks.

Investment Performance

The Articles of Association permit funds to be invested in such investments, securities and property as may be thought fit. At present investment income is generated by placing funds with up to three separate banks to minimise risk, as determined by the Bursar, to whom such responsibilities are delegated by the Governors under the Terms of Reference of the Treasury Policy.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Resources and reserve policy

The school's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,280,099 (2021: £5,131,404) represents unrestricted funds retained to finance the freehold property of the school. The balance of the unrestricted funds of £4,359,657 (2021: £4,273,747) represents general reserves to cover normal fluctuations in working capital, to finance the continuing development of the School and to help fund provision for bursaries. The balance of restricted funds is £8,294 (2021: £9,269)

Principal Risks & Uncertainties

The Governors carry out regular reviews of the school's activities and operations. As part of that review process they have established a Risk Management Committee which annually reviews the action taken, or proposed to be taken, by the School to identify and manage the main risks to which the School is exposed. Through the reports and recommendations of the Risk Management Committee, the Governors monitor the effectiveness of the school's internal policies and procedures for the management of such risks, including the adequacy of the school's insurance cover.

The school has identified the following as the principal risks it faces: –

- Maintaining pupil numbers in the current challenging economic climate and ability of existing parents to fund fees. Strategies for managing this risk include the Director of Admissions and Marketing appointed to work to strengthen links with local nursery schools and developing a marketing strategy to support pupil retention, a robust Bursary Policy and application procedure.
- The capacity of the school to adapt practically and efficiently to any changes in the legislative requirements for the education and charity sectors. Strategies for managing this risk include having a dedicated HR & Compliance Manager and compliance is addressed as a standing item of the main Governors' agenda at every meeting.
- Recruitment and retention of staff of the required calibre to maintain the high standards of the school. This is increasingly challenging and is being managed by building a strong link with our local training college. We also ensure that our inclusive recruitment process communicates all that we are and all that we offer to staff, both new and existing, in terms of employment package, positive culture, high-quality environment and career opportunity supported by well-resourced training.

The Board recognises that systems cannot provide absolute assurance that all possible risks have been identified and managed, but strives to ensure strategies, systems and plans are in place to mitigate these risks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also Directors of Lochinver House School for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions, 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.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

AUDITOR

Haysmacintyre LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving this Governors Report, the Board are also approving the Strategic Report included herein their capacity as company directors.

Approved by the Board of Directors at its meeting on 30 November 2022 and signed on its behalf by:



N R Gilbert
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCHINVER HOUSE SCHOOL

Opinion

We have audited the financial statements of Lochinver House School for the year ended 31 August 2022 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which includes the strategic report and the directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCHINVER HOUSE SCHOOL (continued)

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

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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement set out on page 10, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to ISI regulations, health and safety law, safeguarding regulations, GDPR and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 211 and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCHINVER HOUSE SCHOOL (continued)

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.



Thomas Wilson (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 14 December 2022

10 Queen Street Place
London
EC4R 1AG

LOCHINVER HOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Restricted Fund £	Unrestricted Fund £	Total 2022 £	Total 2021 £
INCOME FROM:					
Charitable activities					
School Fees receivable	2	-	5,024,229	5,024,229	4,790,562
Registration fees and other income	3	-	128,604	128,604	105,502
Donations		10,665	4,471	15,136	8,424
Other trading activities					
Rents and lettings					8,666
Investment income	6	-	11,619	11,619	1,000
		-	2,291	2,291	
Other					-
Total income		10,665	5,171,214	5,181,879	4,914,154
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		11,640	4,936,609	4,948,249	4,529,578
Total expenditure	7	11,640	4,936,609	4,948,249	4,529,578
Net (expenditure)/income		(975)	234,605	233,630	384,576
Transfers between funds		-	-	-	-
Net movement in funds		(975)	234,605	233,630	384,576
Balances brought forward		9,269	9,405,151	9,414,420	9,029,844
Balances at carried forward	13	8,294	9,639,756	9,648,050	9,414,420

There were no acquisitions or discontinued activities during the year. There were no other recognised gains or losses during the year.

The accompanying notes form part of these accounts.

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	£	2022	£	£	2021	£
FIXED ASSETS							
Tangible assets							
School land, buildings and equipment	9			5,647,648			5,571,681
CURRENT ASSETS							
Debtors	10	107,861			153,286		
Cash at bank and in hand		5,138,371			4,573,653		
		<u>5,246,232</u>			<u>4,726,939</u>		
CREDITORS: amounts falling due within one year	11	<u>(1,084,679)</u>			<u>(724,600)</u>		
NET CURRENT ASSETS				4,161,553			4,002,339
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>9,809,201</u>			<u>9,574,020</u>
CREDITORS: amounts falling due after one year	12			(161,151)			(159,600)
TOTAL NET ASSETS				<u>9,648,050</u>			<u>9,414,420</u>
CAPITAL AND RESERVES							
Unrestricted funds	13						
Designated: School Buildings				5,280,099			5,131,404
General funds				4,359,657			4,273,747
	15			<u>9,639,756</u>			<u>9,405,151</u>
Restricted funds	16			8,294			9,269
				<u>9,648,050</u>			<u>9,414,420</u>

Approved by the Board of Directors at its meeting on 30 November 2022

and signed below on its behalf by:



N R Gilbert
Chair of Governors

LOCHINVER HOUSE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

		2022 £	2021 £
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	A	888,947	805,461
Cash flows from investing activities:			
Interest received		2,291	1,000
Proceeds from sale of fixed assets		5,350	-
Payments for tangible fixed assets		(331,870)	(176,153)
<i>Net cash used in investing activities</i>		<u>(324,229)</u>	<u>(175,153)</u>
Change in cash in the reporting year		564,718	630,308
Cash at the beginning of the reporting year		<u>4,573,653</u>	<u>3,943,345</u>
Cash at the end of the reporting year	B	<u><u>5,138,371</u></u>	<u><u>4,573,653</u></u>
A. Reconciliation of net income to net cash flow from operating activities			
		2022 £	2021 £
Net income for the reporting year			
(as per the statement of financial activities)		233,630	384,576
Adjustments for:			
Depreciation charges		252,543	263,538
Profit on disposal of fixed assets		(1,988)	-
Interest received		(2,291)	(1,000)
Decrease in debtors		45,425	11,235
Increase in creditors		361,628	147,112
Net cash provided by operating activities		<u><u>888,947</u></u>	<u><u>805,461</u></u>
B. Analysis of cash and cash equivalents		2022 £	2021 £
Cash at bank		<u>5,138,371</u>	<u>4,573,653</u>
Total cash and cash equivalents		<u><u>5,138,371</u></u>	<u><u>4,573,653</u></u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the school is considered to be GBP because that is the currency of the primary economic environment in which the school operates.

The school is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee (company number: 04374254 and charity number: 1091045).

a) Basis of Preparation

The accounts are prepared under the historical cost convention.

b) Going concern

Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the Governors have an expectation that the school has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 10.

c) Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements made by the Governors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

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

d) Fees and Similar Income

Fees receivable and other fees are accounted for in the year in which the service is provided. Fees receivable represent fees less bursaries and allowances and other income derived from the School's continuing activities.

e) Investment income

Investment income from bank balances and fixed interest securities is accounted for on an accruals basis.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1. ACCOUNTING POLICIES (continued)

f) Donations, legacies, grants and other voluntary income

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

g) Expenditure

Expenditure is accounted for on an accruals basis and are allocated to expense headings on a direct cost basis. The irrecoverable VAT is included with the item of expense to which it relates. Governance costs comprise costs incurred in meeting statutory and constitutional requirements of the School.

h) Tangible Fixed Assets

No depreciation is provided on freehold land. For all other assets, depreciation is calculated to write off the cost of the item over the anticipated useful life as follows:

Freehold buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Long-term fixtures, fittings and equipment	4% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% reducing balance basis

Items costing less than £1,000 are written off as an expense as acquired. Items are depreciated only for six months in the year of acquisition.

i) Pension contributions

The company contributes to the Teachers' Pension Scheme at rates set by the scheme actuary. It is part of a multi-employer scheme and it is not possible to attribute a value to the scheme assets and liabilities which would be appropriate to the company. In accordance with FRS 102 the scheme is accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year. The company also contributes to personal pension schemes for non-teaching staff and these contributions are charged to the profit and loss account in the year in which they are incurred.

j) Unrestricted Funds

Unrestricted Funds are funds applied at the discretion of the Governors in furtherance of the objects of the school.

k) Restricted funds

This represents the monies received for specific purposes as disclosed in note 16.

l) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

m) Debtors

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1. ACCOUNTING POLICIES (continued)

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

o) Creditors and provisions

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

2. FEES RECEIVABLE	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Gross fees	5,140,789	4,935,933
Less: total bursaries and staff concessions	(116,560)	(145,371)
Fees Receivable	<u>5,024,229</u>	<u>4,790,562</u>
3. REGISTRATION FEES AND OTHER INCOME	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Registration and other fees including initial deposits forfeited	58,594	23,003
Sundry income	9,120	37,408
Before & After School clubs and music tuition	60,890	45,091
	<u>128,604</u>	<u>105,502</u>
4. STAFF COSTS	2022 £	2021 £
Staff costs incurred were as follows:		
Wages and salaries	2,784,210	2,627,888
Social security costs	274,533	262,115
Other pension costs	456,499	451,747
Other costs	31,180	31,079
	<u>3,546,422</u>	<u>3,372,829</u>
There was a termination payment made in the year totalling £50,750. This was in lieu of notice and contractual. The liability has been accrued at year end. The average number of employees during the year within each category of persons was:		
	Number	Number
Teaching	87	88
Welfare and premises	21	21
Administration	9	10
	<u>117</u>	<u>119</u>
The Governors received no remuneration. No Governors were reimbursed expenses during the year (2021: £nil).		
	£	£
Aggregate employee benefits of key management personnel	<u>269,342</u>	<u>230,698</u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

4. STAFF COSTS (continued)

The number of higher paid employees (including taxable benefits but excluding employers' pension contributions) to 31 August 2022 was:

	2022 Number	2021 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1
£80,000 - £90,000	-	-
£90,001 - £100,000	1	-
£100,001 - £110,000	2	1

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 £383,756 (2021: £380,833) and at the year-end £45,000 (2021 - £Nil) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 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 government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in 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. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022**

The 2016 cost control valuations have since been completed in January 2022, and the results indicated that there would be no changes to benefits or member contributions required. The results of the cost cap valuation are not used to set the employer contribution rate, and HM Treasury has confirmed that any changes to the employer contribution rate resulting from the 2020 valuations will take effect in April 2024.

Until the 2020 valuation is completed 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.

5. EXPENDITURE

	2022	2021
	£	£
Direct charitable expenditure includes:		
Depreciation	252,543	263,538
Governance costs include:		
Auditors' remuneration		
- audit	12,200	11,145
- non audit	1,300	1,000
Directors liability insurance	1,548	652

6. INVESTMENT INCOME

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Bank interest	2,291	1,000

7. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	Total 2022 £
Charitable activities				
School Operating Costs:				
Teaching	2,843,130	327,856	-	3,170,986
Welfare	105,024	115,462	-	220,486
Premises and equipment	165,273	468,354	252,543	886,170
Support and governance costs	432,995	225,972	-	658,967
Head Boys' charitable donations	-	11,640	-	11,640
	<u>3,546,422</u>	<u>1,149,284</u>	<u>252,543</u>	<u>4,948,249</u>

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022****ANALYSIS OF TOTAL EXPENDITURE
(Prior Year)**

	Staff costs £	Other £	Depreciation £	Year-ended Total 2021 £
Charitable activities				
School Operating Costs:				
Teaching	2,741,276	199,654	-	2,940,930
Welfare	93,681	115,679	-	209,360
Premises and equipment	174,600	443,397	263,538	881,535
Support and governance costs	363,272	129,289	-	492,561
Head Boys' charitable donations	-	5,192	-	5,192
	<u>3,372,829</u>	<u>893,211</u>	<u>263,538</u>	<u>4,529,578</u>

8. PENSION COMMITMENTS

Staff costs include payments by the company to the Teachers' Pensions Scheme of £383,756 (2021: £380,833) and to an individual defined contribution scheme on behalf of certain employees of £43,893 (2021: £70,284). The amount at the year end was £45,000 relating to August 2022 and this has been accrued. (2021: £Nil)

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

9. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Fixtures Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2021	425,806	6,457,169	485,146	449,212	124,115	7,941,448
Additions	-	248,578	7,270	64,622	11,400	331,870
Disposals	-	-	(3,840)	(32,470)	-	(36,310)
At 31 August 2022	425,806	6,705,747	488,576	481,364	135,515	8,237,008
Depreciation						
At 1 September 2021	-	1,751,571	215,545	304,724	97,927	2,369,767
Charge for the year	-	131,628	41,682	71,260	7,973	252,543
Disposals	-	-	(480)	(32,470)	-	(32,950)
At 31 August 2022	425,806	1,883,199	256,747	343,514	105,900	2,589,360
Net Book Value						
At 31 August 2022	425,806	4,822,548	231,829	137,850	29,615	5,647,648
At 31 August 2021	425,806	4,705,598	269,601	144,488	26,188	5,571,681

The above assets include those acquired from Lochinver House School Trust on 31 March 2002 for £2,985,449 being the net book value to the Trust at the date of transfer. The land and buildings were originally acquired by that Trust in 1957 when the School was founded by Trust Deed and since that date, various improvements and extensions had been made to the buildings.

The remainder of the assets have been acquired since the company was incorporated and are stated at cost less depreciation.

10. DEBTORS

	2022 £	2021 £
Fees receivable	51,470	30,120
Other debtors and prepayments	56,391	123,166
	107,861	153,286

11. CREDITORS: amounts falling due within one year

	2022 £	2021 £
Fees in advance and initial deposits	570,765	523,745
Trade creditors	142,523	70,688
Other creditors and accruals	371,371	66,236
Other taxation and social security	20	63,931
	1,084,679	724,600

12. CREDITORS: amounts falling due after more than one year

	2022 £	2021 £
Long term deposits held	161,151	159,600

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

13. MOVEMENT IN FUNDS	Balance at 1 September 2021 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2022 £
Unrestricted funds					
School Buildings fund	5,131,404	-	-	148,695	5,280,099
Other reserves	4,273,747	5,181,879	(4,936,609)	(159,360)	4,359,657
	<u>9,405,151</u>	<u>5,181,879</u>	<u>(4,936,609)</u>	<u>(10,665)</u>	<u>9,639,756</u>
Restricted funds	9,269	10,665	(11,640)	-	8,294
	<u>9,414,420</u>	<u>5,181,879</u>	<u>(4,948,249)</u>	<u>-</u>	<u>9,648,050</u>
Total					
MOVEMENT IN FUNDS (Prior Year)	Balance at 1 September 2020 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2021 £
Unrestricted funds					
School Buildings fund	5,233,968	-	-	(102,564)	5,131,404
Other reserves	3,783,119	4,914,154	(4,524,386)	100,860	4,273,747
	<u>9,017,087</u>	<u>4,914,154</u>	<u>(4,524,386)</u>	<u>(1,704)</u>	<u>9,405,151</u>
Restricted funds	12,757	-	(5,192)	1,704	9,269
	<u>9,029,844</u>	<u>4,914,154</u>	<u>(4,529,578)</u>	<u>-</u>	<u>9,414,420</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	2022 Total £
Fixed assets	5,647,648	-	5,647,648
Debtors	107,860	-	107,860
Cash at bank and in hand	5,130,077	8,294	5,138,371
Creditors	(1,245,829)	-	(1,245,829)
	<u>9,639,756</u>	<u>8,294</u>	<u>9,648,050</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS
(Prior Year)**

	Unrestricted £	Restricted £	2021 Total £
Fixed assets	5,571,681	-	5,571,681
Debtors	153,286	-	153,286
Cash at bank and in hand	4,564,384	9,269	4,573,653
Creditors	(884,200)	-	(884,200)
	<u>9,405,151</u>	<u>9,269</u>	<u>9,414,420</u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

15. UNRESTRICTED FUNDS

The company's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,280,099 (2021: £5,131,404) represents unrestricted funds retained to finance the freehold property of the School. The balance of the general funds of £4,359,657 (2021: £4,273,747) represents free reserves to cover normal fluctuations in working capital and to finance the continuing development of the School and the value of other fixed assets.

16. RESTRICTED FUNDS

The restricted funds of £8,294 (2021: £9,269) relate to monies held by the School on behalf of pupils for external charitable purposes. Transfers from restricted funds have been made to reflect the assets funded from restricted donations becoming unrestricted upon purchase.

17. CAPITAL COMMITMENTS

Directors have authorised expenditure of £Nil (2021: £Nil) in respect of information technology and £Nil (2021: £52,383) primarily in respect of alterations to the School's buildings.

18. FINANCIAL COMMITMENTS

At 31 August 2022 the charity had annual commitments under non-cancellable operating leases of £6,682 due within one year (2021: £6,682) and £20,040 due between two and five years (2021: £26,729).

19. TRANSACTIONS WITH RELATED PARTIES

During the year the company paid for the Directors' liability insurance. The cost of the premium is included within the total cost of insurance and amounted to £1,548 (2021: £652).

During the year a company, Clifford Lodge (New Barnet) Limited, under the control of a Governor, Helen Philp, transacted services for £3,060 with Lochinver House School Limited.

There were no other related party transactions during the year (2021: None).

20. LIABILITY OF MEMBERS

The company is limited by guarantee and as such each member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts.

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2022**

21. NET DEBT RECONCILIATION

	At 1 September 2021 £	Cashflows £	Other non- cash changes £	At 31 August 2022 £
Cash at bank and in hand	<u>4,573,653</u>	<u>564,718</u>	<u>-</u>	<u>5,138,371</u>

	At 1 September 2020 £	Cashflows £	Other non- cash changes £	At 31 August 2021 £
Cash at bank and in hand	<u>3,943,345</u>	<u>630,308</u>	<u>-</u>	<u>4,573,653</u>

Accounts

LOCHINVER HOUSE SCHOOL
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

Charity Number: 1091045
Company Number: 04374254

LOCHINVER HOUSE SCHOOL

HEADMASTER'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

HEADMASTER'S REPORT

Lochinver House School looks ahead to its 75th anniversary with energy, ambition and excitement. It has performed tremendously well through the ongoing challenge of the global pandemic. Interest in the school has increased as a result of the fully engaged and agile response of its talented and willing staff team. Parents have been delighted by the full live provision in lockdown, the broad and enriched curriculum for onsite learning and the agility which has enabled onsite learning to include remote access for isolating individuals. The use of three online surveys to check in with parents has also supported that all-important partnership of trust. Excellent academic progress has been happily maintained.

The school has operated within the DFE's guidelines but has ensured the positive provision of sports fixtures and residential trips, albeit UK-limited, as soon as these became possible. Schools have been important hubs for community during such a time of dislocation and separation, nationally. So events such as our act of remembrance, pumpkin carving at Halloween, history workshops, Christmas production, Christmas Fayre, dramatic presentations across the age range and Sports Day for all, have been valued as uniting experiences. The pupil-devised Year 8 Leavers' Play was an intelligent exploration of 'The Covid Experience' and enabled poignant reflection whilst empowering the audience through engaging humour. In this way the School has truly been a champion of hope and healthy minds.

New has been our partnership with Dr Kathy Weston and our becoming a 'Tooled-Up Education School'. This new partnership has given our staff, pupils and parents access to a constantly updated resource library of world-class, research-based advice. Lochinver has made available to its parents advice for effective parenting in response to a complex and changing world. This has complimented the continued work that the school does on digital wisdom and safety in partnership with Karl Hopwood.

The restless pursuit of progress and the highest standards have led Lochinver's progression to be finalists and runners-up in the Independent Schools of the Year Awards.

Lochinver is a gently selective school specialising in a well-rounded education for boys. We provide a bespoke and nurturing journey of challenge for success at both 11+ and 13+. We are grounded - not grand, and our pupils are respected for being diverse, dynamic, honest and kind. Strong values equip our boys with adaptable learning power for an onward journey to world class schools.

With privilege comes responsibility and Lochinver pupils are committed to thinking globally and acting locally. Pupil-led charitable initiatives regularly raise £15,000 for 3 charities democratically elected by the school community each year.

The School is blessed by a talented team of highly committed professionals who have shown immense capacity and courage in maintaining an excellent offering to the children and families we serve. My heartfelt thanks to everyone.

Ben Walker
Headmaster

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The Directors present their report and audited financial statements for the year ended 31 August 2021.

Reference and Administrative Information

Lochinver House School was founded by Trust Deed in 1947. A Company Limited by Guarantee, Lochinver House School, was incorporated on 14 February 2002 to own and manage the School. The assets and liabilities of the School were transferred from Lochinver House School Trust to the Limited Company on 1 April 2002 when it commenced its educational activities. The School is a registered charity, number 1091045 and is constituted as a company limited by guarantee. Its objects, powers and other constitutional matters are set out in its Memorandum and Articles of Association. It is governed by a Board of Governors which is responsible for setting the strategic directions of the School and for establishing policy. The financial statements and report comply with the current statutory Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), The Charities Act 2011 and the Companies Act 2006.

Directors

The governing body of the company is known as the Board of Governors. The Members of the Board are also the charity trustees for the purposes of charity law and Directors for the purpose of company law. They are also the company members. Throughout this report they are collectively referred to as the Governors. Those who served during the year and since the year end were:

W R Moores	Chair
D A Taylor	Vice Chair
B Aitken	
M Collier	
S Coombs	(Appointed 2 December 2020)
A English	
N Gilbert	
J Gillespie	
D Hamalis	(Appointed 28 January 2021)
O Jacobs	
J Le Couilliard	
H Philp	
C A Smith	(Resigned 17 March 2021)
J Taylor-Cummings	
A Walker	(Appointed 5 May 2021)
A Ward	(Appointed 5 May 2021)

They are elected at a full Governors' Meeting for a term of three years. They can be re-elected for up to three further consecutive terms of three years but shall not then be eligible for re-election without a break of at least twelve calendar months except by resolution of the Board.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Key Executives and Professional Advisers

The Headmaster	B C Walker B.A.(Hons), PGCE
The Bursar/Company Secretary	J C Smithson B.A. (Hons), FCA
Address	Lochinver House School Heath Road Little Heath Potters Bar Hertfordshire EN6 1LW
Bankers	National Westminster Bank Commercial Banking 1st Floor 30 Clarendon Road Watford, Hertfordshire WD17 1GQ
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Structure, Governance and Management

Governing Document

The Company is governed by its Articles of Association. The Articles were reviewed and updated in 2015. The objects of the Company are to advance education by the carrying on of a preparatory school for boys known as Lochinver House School.

Governing Body

The Governors are Directors and are elected at a meeting of the Board of Governors. Governors are recruited on the basis of nomination taking regard of special skills and personal qualities to ensure that the Board retains an effective balance of expertise to strengthen the management of the Charity. Governors are eligible to serve for an initial period of three years.

Governor Training

New Governors are provided with an induction pack containing Board policy and procedures, schemes of governance and information regarding the work and operations of the School. Governors are encouraged to attend suitable training courses which deal with their responsibilities in relation to the Companies Act, Charity Law and Department for Education requirements as the need arises and are encouraged to attend new Governor induction courses.

Organisational Management

There are normally three full Board Meetings each year where the Governors meet and review the policies of the Charity for which they are responsible. The Finance and General Purposes Committee meet to review budgets, accounts and reports and makes recommendations to the Board of Governors. The Governors have a programme of regular visits to the School to witness and monitor the charity's work in action. Day to day running of the School is delegated to the Head and the Bursar, supported by the School Senior Leadership Team.

The School, through its officers, is represented in a number of organisations including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Association of Prep Schools (IAPS) and the Independent Schools' Bursars' Association (ISBA).

Structure and Relationships

The Headmaster is an active member of IAPS which promotes and maintains standards in preparatory schools. The School takes an active part in numerous professional studies for the evaluation of quality and performance.

Outside of the Covid-19 restrictions, we co-operate with as many local charities, clubs and associations as we can to widen public access to the education we provide and promote the educational benefits of using our sporting facilities. We have an arrangement with a local state junior school that use our science laboratories each week which makes a positive contribution to their education.

Objects, Public Benefit, Aims, Objectives and Principal Activities

The School's aim is to provide public benefit, in compliance with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance, and in accordance with its Articles of Association, which is to educate boys up to the age of thirteen.

Strategic Aim and Intended Effect

The Board's strategic aim is to reach its annual objective for the public benefit as a charitable Independent School through the provision of a high quality education for boys between the ages of four and thirteen to allow them to achieve the highest academic standards in preparation for entry into the senior school of their own and their parents' choice.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Our wider admission policy enables us to help boys from lower income or otherwise disadvantaged families to benefit from our fee based schooling and to benefit from our extra-curricular programme. The School also aims to draw out all boys' abilities and academic potential and to develop their wider interests in life within a secure and stable environment to enable them to participate in society and the community.

Principal Activity

The School's principal activity continues to be the provision of an excellent standard of education for boys aged four to thirteen.

Objectives

The Board's main objective continues to be to educate all pupils to a high standard each year, which benefits their chosen senior school for the completion of their education. The School has a three year whole school development plan which is regularly reviewed and updated. The School is committed to reviewing its academic syllabus and teaching methods. The facilities are upgraded regularly to provide modern buildings and amenities, which stimulate the pupils in all areas of their development.

The Board's other objective is to develop bursaries with a view to further increasing the School's intake of boys from lower income families and to extend working arrangements with other charities and state schools to provide access to our facilities for those who cannot come to the School itself. We set aside funds for bursary awards to help those in need of assistance with our school fees.

Review of Achievements and Performance for the Year

Academic

The achievements of pupils demonstrate the School's continued success. Lochinver boys are in demand and in the last 10 years we have sent boys to over 20 different schools. Our leavers gain successful entry to their chosen senior schools. 32 boys transitioned at 13+: Aldenham 6, Haberdashers 2, Haileybury 3, Harrow 1, Merchant Taylors 1, St Albans 12, St Columba's 5 and St John's 2. A further 13 boys left us at 11+: Aldenham 1, Dame Alice Owen 3 (including 2 who passed QE Boys assessments but opted for Dame Alice Owens), Haberdashers 2, JCoss 1, Nicholas Breakspear 1, St Albans 2, St Columba's 1, Sherrards Wood 1 and University College School 1. These accomplishments have been made possible by the recruitment of the highest quality staff and by maintaining a high teacher to pupil ratio which ensures that teaching methods can be suited to individual needs. Teaching staff regularly attend training courses in order to enhance their personal performance and to improve the quality of the curriculum. The School reviews its academic syllabus and teaching methods in order to benchmark standards and value-added criteria.

Extra-Curricular activities

The Covid-19 restrictions continued to impact on activities this year, particularly with the lockdown in the Spring Term. However, the School maintained its educational programme to provide as many extra-curricular activities for the children as possible. Within the evolving scope of the guidelines, educational visits have been undertaken and workshops have been provided both by remote and in-person means. Pupils were even able to experience an online session with professional ceramicist, Fergus Stewart, from his studio in Lochinver, in the west highlands of Scotland. World Book Day became World Book Week as a number of renowned children's authors led interactive live online sessions with our boys. UK-based residential trips enabled in the summer term have never been more appreciated by the pupils in our upper years.

Music remains very strong at the school with a large uptake of participants. Over half of our boys learn an instrument with half of those learning two or more to progress through ABRSM grade exams. Our weekly composition club which builds on class music lessons and the use of Sibelius software led to boys hearing their own compositions being played by a visiting professional string quartet.

The School continues to put out a tremendous number of sports teams and we have competed at the highest level. We remain the only Prep School to have reached the national final of the Independent Schools Football Association Cup. This was achieved at both Under 13 and Under 11 levels. Some boys are contracted to professional clubs.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Developments in the School

Having completed a three phase building development plan in the summer of 2019 and faced the continuing challenges of Covid-19, we undertook a full site survey in February 2021. The output of this survey will shape the School's refurbishment and development plans for the next 5 years. IT continues to be embedded throughout the School with a cyclical replacement programme in place. That investment has continued to underpin the offering throughout the various Covid-19 restrictions and is valued greatly by our pupils and their families.

Public Benefit

Bursaries

The Governors recognise that the independent education fees are at levels which may exclude many boys from applying for a place at the School but they are committed to widening the access to the education offered. Accordingly, the Governors set a fixed sum to provide bursaries for those boys whose parents could otherwise not afford to send them to our School. The Governors have a formal Bursary Policy and a Governors' Bursary Award Committee assesses all applications and report to the Board. Details of Bursaries are included on the School website. The Governors budgeted £142,000 for bursaries in 2020/2021 which is reviewed on an annual basis. Emergency funds were made available to assist parents facing unprecedented demands during the Covid-19 restrictions. In addition, the fees for the Summer term for all pupils were discounted by 20% as a one-off concession to all parents.

In 2020/2021 the School supported thirteen (2019/2020: fourteen) pupils through our Bursary Scheme, four of whom were on a full bursary. The support which is available on a needs basis as determined by the Governors' Bursary Award Committee reduced annual income from scale fees by £126,897 (2018/19 £154,613). The Governors have currently agreed thirteen bursaries for 2021/2022 totalling £91,584, including three full bursaries.

Other Public Benefit

The School continues to support various good causes via the Head Boys' Charities. The donations support various national and local charities which benefit the community.

This year the charities were National Blood Clot Alliance, National Autistic Society and Lives not Knives.

For a small prep school the School has great facilities and it uses these as far as it is able to benefit the local community, although this has continued to be impacted this year by the Covid-19 restrictions. Once restrictions are lifted, local state schools will be able to attend workshops and special events once again. The Science laboratories will again be made available on a weekly basis for a local junior school to attend an after school club. These activities make a positive contribution to their education. During the closure of all schools between January and March 2021, onsite education was provided to 68 children of keyworkers as well as a full remote provision to all of our other boys.

The facilities of the School are made available to outside organisations to benefit the education of children and adults. School links with the community continue with our association with the local youth organisations. We also have strong links with the residents' association, printing their newsletters inhouse.

The School maintains a public benefit register of all activities where the School opens its facilities to the local community. The financial benefit to the community via free or reduced charges for use of our facilities has been assessed to be at least £2,040 for 2020/2021 which was reduced to the Covid-19 restrictions.

Charity Fundraising

The school has not made any fundraising appeals to the general public during the year, and is unlikely to do so in the future. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Volunteers

Volunteers in the school have been limited since March 2020 by the Covid-19 restrictions. The Parent Teacher Association meets regularly to organise and run social events to raise funds for the School. The School continues to enjoy the support of volunteers and parental helpers in the classroom. The level of this voluntary service is invaluable to the School in providing the excellent level of education to which the School is committed. The Governors would like to thank all those volunteers for their valuable support. The School also appreciates the number of parents who donate their time to take boys for reading support.

Looking ahead

The key objective continues to be the provision of a high quality education for boys aged between four and thirteen to allow them to achieve the highest academic standards.

The School has a three year Development Programme covering the curriculum, premises, staff training, pupil development and the provision of bursary support.

Financial Results and Reserves Policy

The results are shown in the accompanying financial statements on pages 13 to 26. During the financial year, the School generated income of £4,914,154 (2020: £4,498,795) from school activities.

Expenditure of £4,529,578 (2020: £4,326,900) was incurred.

Additions to fixed assets totalled £176,153 (2020: £340,144) and included £87,829 (2020: £47,763) for computer equipment, £26,579 (2020: £248,445) on building improvements and equipment, and £61,745 on fixtures & fittings.

The School has an objective to achieve a surplus each year to ensure that there are sufficient reserves to manage the School prudently and to provide funds for future capital expenditure. The accumulation of reserves to date enables the ongoing implementation of the School's Development Plan.

Notes 13 to 16 split the reserves between those held for a specific purpose (restricted funds) and those available for the day to day requirements of the School (unrestricted funds). The School's assets are sufficient to meet its obligations.

Key management personnel

The Governors have identified the Headmaster and Bursar as key management personnel. The salary of these key management personnel is set by the Board of Governors after assessing their performance and reviewing market benchmarks.

Investment Performance

The Articles of Association permit funds to be invested in such investments, securities and property as may be thought fit.

At present investment income is generated primarily by placing funds with up to three separate banks to minimise risk, as determined by the Bursar, to whom such responsibilities are delegated by the Governors under the Terms of Reference of the Treasury Policy.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Resources

The School's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,131,404 (2020: £5,233,968) represents unrestricted funds retained to finance the freehold property of the School. The balance of the unrestricted funds of £4,273,747 (2020: £3,783,119) represents general reserves to cover normal fluctuations in working capital, to finance the continuing development of the School and to help fund provision for bursaries.

Principal Risks & Uncertainties

The Governors carry out regular reviews of the School's activities and operations. As part of that review process they have established a Risk Management Committee which annually reviews the action taken, or proposed to be taken, by the School to identify and manage the main risks to which the School is exposed. Through the reports and recommendations of the Risk Management Committee, the Governors monitor the effectiveness of the School's internal policies and procedures for the management of such risks, including the adequacy of the School's insurance cover.

The School has identified the following as the principal risks it faces: –

- Maintaining pupil numbers in the current challenging economic climate and ability of existing parents to fund fees. Strategies for managing this risk include the Director of Admissions and Marketing appointed to work to strengthen links with local nursery schools and developing a marketing strategy to support pupil retention, a robust Bursary Policy and application procedure.
- The capacity of the School to adapt practically and efficiently to the increasingly onerous regulatory and legislative requirements, which schools face. Strategies for managing this risk include having a dedicated HR & Compliance Manager and compliance is addressed as a standing item of the main Governors agenda at every meeting.
- Recruitment and retention of staff of the required calibre to maintain the high standards of the School. This is increasingly challenging and is being managed by building a strong link with our local training college. We also ensure that our inclusive recruitment process communicates all that we are and all that we offer to staff, both new and existing, in terms of employment package, positive culture, high-quality environment and career opportunity supported by well-resourced training.

The Board recognises that systems cannot provide absolute assurance that all possible risks have been identified and managed, but strives to ensure strategies, systems and plans are in place to mitigate these risks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also Directors of Lochinver House School for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions, 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.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

AUDITOR

Messrs Haysmacintyre LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving this Governors/Trustees Report, the Board are also approving the Strategic Report included herein their capacity as company directors.

Approved by the Board of Directors at its meeting on

and signed on its behalf by:

W R Moores
Chair

Opinion

We have audited the financial statements of Lochinver House School for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related 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 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the strategic report and the directors' 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 Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the charitable company; or

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to ISI regulations, safeguarding regulations, health and safety law, GDPR and employment law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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

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.

.....
Thomas Wilson
Senior Statutory Auditor
For and on behalf of Haysmacintyre LLP
Statutory Auditors
Date:.....

10 Queen Street Place
London
EC4R 1AG

LOCHINVER HOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Restricted Fund £	Unrestricted Fund £	Total 2021 £	Total 2020 £
INCOME FROM:					
Charitable activities					
School Fees receivable	2	-	4,790,562	4,790,562	4,310,631
Registration fees and other income	3	-	105,502	105,502	107,384
Donations		-	8,424	8,424	63,145
Other trading activities					
Rents and lettings		-	8,666	8,666	6,409
Investment income	6	-	1,000	1,000	11,226
Other		-	-	-	-
Total income		-	4,914,154	4,914,154	4,498,795
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		5,192	4,524,386	4,529,578	4,326,900
Total expenditure	7	5,192	4,524,386	4,529,578	4,326,900
Net (expenditure)/income		(5,192)	389,768	384,576	171,895
Transfers between funds		1,704	(1,704)	-	-
Net movement in funds		(3,488)	388,064	384,576	171,895
Balances brought forward		12,757	9,017,087	9,029,844	8,852,949
Balances at carried forward	13	9,269	9,405,151	9,414,420	9,029,844

There were no acquisitions or discontinued activities during the year. There were no other recognised gains or losses during the year.

The accompanying notes form part of these accounts.

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	£	2021	£	£	2020	£
FIXED ASSETS							
Tangible assets							
School land, buildings and equipment	9			5,571,681			5,659,066
CURRENT ASSETS							
Debtors	10	153,286			164,521		
Cash at bank and in hand		4,573,653			3,943,345		
				4,726,939			4,107,866
CREDITORS: amounts falling due within one year							
	11	(724,600)			(584,587)		
NET CURRENT ASSETS							
				4,002,339			3,523,279
TOTAL ASSETS LESS CURRENT LIABILITIES							
				9,574,020			9,182,345
CREDITORS: amounts falling due after one year							
	12	(159,600)			(152,501)		
TOTAL NET ASSETS							
				9,414,420			9,029,844
CAPITAL AND RESERVES							
Unrestricted funds	13						
Designated: School Buildings Fund				5,131,404			5,233,968
General funds				4,273,747			3,783,119
	15			9,405,151			9,017,087
Restricted funds	16			9,269			12,757
				9,414,420			9,029,844

Approved by the Board of Directors at its meeting on

and signed below on its behalf by:

W R Moores
Director

LOCHINVER HOUSE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

		2021 £	2020 £
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	A	805,461	270,591
Cash flows from investing activities:			
Interest received		1,000	11,226
Payments for tangible fixed assets		(176,153)	(340,144)
<i>Net cash used in investing activities</i>		(175,153)	(328,918)
Change in cash in the reporting year		630,308	(58,327)
Cash at the beginning of the reporting year		3,943,345	4,001,672
Cash at the end of the reporting year	B	4,573,653	3,943,345
A. Reconciliation of net income to net cash flow from operating activities			
		2021 £	2020 £
Net income for the reporting year (as per the statement of financial activities)		384,576	171,895
Adjustments for:			
Depreciation charges		263,538	204,768
Interest received		(1,000)	(11,226)
Decrease/(increase) in debtors		11,235	(36,742)
Increase/(Decrease) in creditors		147,112	(58,104)
Net cash provided by operating activities		805,461	270,591
B. Analysis of cash and cash equivalents			
		2021 £	2020 £
Cash at bank		4,573,653	3,943,345
Total cash and cash equivalents		4,573,653	3,943,345

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the school is considered to be GBP because that is the currency of the primary economic environment in which the school operates.

The school is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee (company number: 04374254 and charity number: 1091045).

a) Basis of Preparation

The accounts are prepared under the historical cost convention.

b) Going concern

Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the Governors have an expectation that the school has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 10.

c) Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements made by the Governors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

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

d) Fees and Similar Income

Fees receivable and other fees are accounted for in the year in which the service is provided. Fees receivable represent fees less bursaries and allowances and other income derived from the School's continuing activities.

e) Investment income

Investment income from bank balances and fixed interest securities is accounted for on an accruals basis.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

f) Donations, legacies, grants and other voluntary income

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

g) Expenditure

Expenditure is accounted for on an accruals basis and are allocated to expense headings on a direct cost basis. The irrecoverable VAT is included with the item of expense to which it relates. Governance costs comprise costs incurred in meeting statutory and constitutional requirements of the School.

h) Tangible Fixed Assets

No depreciation is provided on freehold land. For all other assets, depreciation is calculated to write off the cost of the item over the anticipated useful life as follows:

Freehold buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Long-term fixtures, fittings and equipment	4% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% reducing balance basis

Items costing less than £1,000 are written off as an expense as acquired. Items are depreciated only for six months in the year of acquisition.

i) Pension contributions

The company contributes to the Teachers' Pension Scheme at rates set by the scheme actuary. It is part of a multi-employer scheme and it is not possible to attribute a value to the scheme assets and liabilities which would be appropriate to the company. In accordance with FRS 102 the scheme is accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year. The company also contributes to personal pension schemes for non-teaching staff and these contributions are charged to the profit and loss account in the year in which they are incurred.

j) Unrestricted Funds

Unrestricted Funds are funds applied at the discretion of the Governors in furtherance of the objects of the school.

k) Restricted funds

This represents the monies received for specific purposes as disclosed in note 16.

l) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

m) Debtors

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES (continued)

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

o) Creditors and provisions

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

2. FEES RECEIVABLE	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Gross fees	4,935,933	4,486,769
Less: total bursaries and staff concessions	(145,371)	(176,138)
Fees Receivable	4,790,562	4,310,631
3. REGISTRATION FEES AND OTHER INCOME	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Registration and other fees including initial deposits forfeited	23,003	22,975
Sundry income	37,408	28,701
Before & After School clubs and music tuition	45,091	55,708
	105,502	107,384
4. STAFF COSTS	2021 £	2020 £
Staff costs incurred were as follows:		
Wages and salaries	2,627,888	2,554,371
Social security costs	262,115	257,308
Other pension costs	451,747	444,536
Other costs	31,079	30,766
	3,372,829	3,286,981

The average number of employees during the year within each category of persons was:

	Number	Number
Teaching	88	92
Welfare and premises	21	24
Administration	10	9
	119	125

The Trustees received no remuneration. No trustees were reimbursed expenses during the year (2020: £nil).

	£	£
Aggregate employee benefits of key management personnel	230,698	237,262

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

4. STAFF COSTS (continued)

The number of higher paid employees (including taxable benefits but excluding employers' pension contributions) to 31 August 2021 was:

	2021 Number	2020 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£80,000 - £90,000	-	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

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 £380,833(2020: £336,978) and at the year-end £Nil (2020 - £Nil) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 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 government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in 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. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. The consultation closed to response on 19 August 2021 and the Government is currently analysing the responses.

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 the cost cap mechanism review is completed 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.

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2021**

5. EXPENDITURE

	2021	2020
	£	£
Direct charitable expenditure includes:		
Depreciation	<u>263,538</u>	<u>204,768</u>
Governance costs include:		
Auditors' remuneration		
- audit	11,145	10,530
- non audit	1,000	900
Directors' liability insurance	<u>652</u>	<u>511</u>

6. INVESTMENTS INCOME

	Unrestricted	Unrestricted
	funds	funds
	2021	2020
	£	£
Bank interest	<u>1,000</u>	<u>11,226</u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

7. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	Total 2021 £
Charitable activities				
School Operating Costs:				
Teaching	2,741,276	199,654	-	2,940,930
Welfare	93,681	115,679	-	209,360
Premises and equipment	174,600	443,397	263,538	881,535
Support and governance costs	363,272	129,289	-	492,561
Head Boys' charitable donations	-	5,192	-	5,192
	<u>3,372,829</u>	<u>893,211</u>	<u>263,538</u>	<u>4,529,578</u>

ANALYSIS OF TOTAL EXPENDITURE (Prior Year)

	Staff costs £	Other £	Depreciation £	Year-ended Total 2020 £
Charitable activities				
School Operating Costs:				
Teaching	2,730,082	217,999	-	2,948,081
Welfare	96,567	81,422	-	177,989
Premises and equipment	118,960	390,688	204,768	714,416
Support and governance costs	341,372	145,042	-	486,414
Head Boys' charitable donations	-	-	-	-
	<u>3,286,981</u>	<u>835,151</u>	<u>204,768</u>	<u>4,326,900</u>

8. PENSION COMMITMENTS

Staff costs include payments by the company to the Teachers' Pensions Scheme of £380,833 (2020: £336,978) and to an individual defined contribution scheme on behalf of certain employees of £70,284 (2020: £71,710). The amount outstanding at the year-end was £Nil (2020: £7,226).

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

9. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Fixtures Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2020	425,806	6,430,590	428,837	450,137	124,115	7,859,485
Additions	-	26,579	61,745	87,829	-	176,153
Disposals	-	-	(5,436)	(88,754)	-	(94,190)
At 31 August 2021	425,806	6,457,169	485,146	449,212	124,115	7,941,448
Depreciation						
At 1 September 2020	-	1,622,428	179,547	309,247	89,197	2,200,419
Charge for the year	-	129,143	41,434	84,231	8,730	263,538
Disposals	-	-	(5,436)	(88,754)	-	(94,190)
At 31 August 2021	-	1,751,571	215,545	304,724	97,927	2,369,767
Net Book Value						
At 31 August 2021	425,806	4,705,598	269,601	144,488	26,188	5,571,681
At 31 August 2020	425,806	4,808,162	249,290	140,890	34,918	5,659,066

The above assets include those acquired from Lochinver House School Trust on 31 March 2002 for £2,985,449 being the net book value to the Trust at the date of transfer. The land and buildings were originally acquired by that Trust in 1957 when the School was founded by Trust Deed and since that date, various improvements and extensions had been made to the buildings.

The remainder of the assets have been acquired since the company was incorporated and are stated at cost less depreciation.

10. DEBTORS	2021 £	2020 £
Fees receivable	30,120	10,040
Other debtors and prepayments	123,166	154,481
	<u>153,286</u>	<u>164,521</u>
11. CREDITORS: amounts falling due within one year	2021 £	2020 £
Fees in advance and initial deposits	523,745	365,253
Trade creditors	70,688	78,915
Other creditors and accruals	66,236	140,419
Other taxation and social security	63,931	-
	<u>724,600</u>	<u>584,587</u>
12. CREDITORS: amounts falling due after more than one year	2021 £	2020 £
Long term deposits held	159,600	152,501

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

13. MOVEMENT IN FUNDS	Balance at 1 September 2020 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2021 £
Unrestricted funds					
School Buildings fund	5,233,968	-	-	(102,564)	5,131,404
Other reserves	3,783,119	4,914,154	(4,524,386)	100,860	4,273,747
	<u>9,017,087</u>	<u>4,914,154</u>	<u>(4,524,386)</u>	<u>(1,704)</u>	<u>9,405,151</u>
Restricted funds	12,757	-	(5,192)	1,704	9,269
	<u>9,029,844</u>	<u>4,914,154</u>	<u>(4,529,578)</u>	<u>-</u>	<u>9,414,420</u>
Total					

MOVEMENT IN FUNDS (Prior Year)	Balance at 1 September 2019 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2020 £
Unrestricted funds					
School Buildings fund	5,114,135	-	-	119,833	5,233,968
Other reserves	3,738,184	4,491,668	(4,326,900)	(119,833)	3,783,119
	<u>8,852,319</u>	<u>4,491,668</u>	<u>(4,326,900)</u>	<u>-</u>	<u>9,017,087</u>
Restricted funds	5,630	7,127	-	-	12,757

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	2021 Total £
Fixed assets	5,571,681	-	5,571,681
Debtors	153,286	-	153,286
Cash at bank and in hand	4,564,384	9,269	4,573,653
Creditors	(884,200)	-	(884,200)
	<u>9,405,151</u>	<u>9,269</u>	<u>9,414,420</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS
(Prior Year)**

	Unrestricted £	Restricted £	2020 Total £
Fixed assets	5,659,066	-	5,659,066
Debtors	164,521	-	164,521
Cash at bank and in hand	3,930,588	12,757	3,943,345
Creditors	(737,088)	-	(737,088)
	<u>9,017,087</u>	<u>12,757</u>	<u>9,029,844</u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

15. UNRESTRICTED FUNDS

The company's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,131,404 (2020: £5,233,968) represents unrestricted funds retained to finance the freehold property of the School. The balance of the general funds of £4,273,747 (2020: £3,783,119) represents free reserves of £3,833,470 (2020: £3,358,021) to cover normal fluctuations in working capital and to finance the continuing development of the School and the remaining £440,277 (2020: £425,098) represents the value of other fixed assets.

16. RESTRICTED FUNDS

The restricted funds of £9,269 (2020: £12,757) relate to monies held by the School on behalf of pupils for external charitable purposes and the ski fund. Transfers from restricted funds have been made to reflect the assets funded from restricted donations becoming unrestricted upon purchase.

17. CAPITAL COMMITMENTS

The Headmaster, together with the Directors, continues to implement the Development Plan for the School. The Directors have authorised expenditure of £Nil (2020: £Nil) in respect of information technology and £52,383 (2020: £Nil) primarily in respect of alterations to the School's buildings.

18. FINANCIAL COMMITMENTS

At 31 August 2021 the charity had annual commitments under non-cancellable operating leases of £6,682 due within one year and £26,729 due between two and five years. (2020: None).

19. TRANSACTIONS WITH RELATED PARTIES

During the year the company paid for the Directors' liability insurance. The cost of the premium is included within the total cost of insurance and amounted to £652 (2020: £511).

During the year a company under the control of a Governor transacted services for £3,548 with Lochinver House School Limited.

There were no other related party transactions during the year (2020: None).

20. LIABILITY OF MEMBERS

The company is limited by guarantee and as such each member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

21. NET DEBT RECONCILIATION

	At 1 September 2020 £	Cashflows £	Other non- cash changes £	At 31 August 2021 £
Cash at bank and in hand	3,943,345	630,308	-	4,573,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 1 September 2019 £	Cashflows £	Other non- cash changes £	At 31 August 2020 £
Cash at bank and in hand	4,001,672	(58,327)	-	3,943,345
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Accounts

LOCHINVER HOUSE SCHOOL
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

Charity Number: 1091045
Company Number: 04374254

LOCHINVER HOUSE SCHOOL

HEADMASTER'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

HEADMASTER'S REPORT

Lochinver House School has adapted with agility and ingenuity to maintain excellent provision to every pupil during this unprecedented year. Working in close partnership with parents, an experienced and highly qualified staff switched to the remote provision of several live lessons every day in order to ensure continuity of effective learning for every boy aged 4 to 13. In addition, working within guidance from the DfE, Lochinver worked with ambition to ensure that every boy was able to return for an on-site experience of school before the summer vacation commenced. Maintaining a high level of service to the pupils and parents through such initiatives as the 13 weekly YouTube assemblies designed to strengthen and encourage the community, brought overwhelmingly positive responses and great appreciation. As a result interest in the School remains high.

Lochinver is a gently selective school specialising in a well-rounded education for boys. We provide a bespoke and nurturing journey of challenge for success at both 11+ and 13+. We are grounded - not grand, and our pupils are respected for being diverse, dynamic, honest and kind. Strong values equip our boys with adaptable learning power for an onward journey to world class schools.

Indeed, at the close of this academic year, all 35 Year 8 pupils gained offers to their chosen schools and in addition were offered 11 scholarships, (7 academic, 3 music and one Art) by schools which are truly excellent. This brings the last three years' total to 44 scholarships; awards made through examination and rigorous assessment. At 12+ and at the end of their penultimate year, fifteen boys secured unconditional 13+ places to St Albans School.

Lochinver offers a first class education of both depth and breadth. This is evidenced by achievements exemplified by the following. Five of our 180 instrumental learners were selected to be members of the English Schools National Orchestra. Our new Robotics Club attracted strong interest and Lochinver was the only Prep School entrant in the AI inter-school Saturday competition at Fortismere School. Our basketball team yet again progressed to the IAPS National finals. Visiting Author Curtis Jobling delighted children across the school in his varied sessions on World Book Day. Pre-Lockdown, 'Wild Hair day' led by Lochinver's Environmental Organisation established a live link to an expert in order to present a dedicated assembly in a low carbon way. The pupil-led project launched in this assembly raised funds to buy 2 ½ football pitches worth of rainforest under the in perpetuity auspices of the World Land Trust. The key patron of this charity is Sir David Attenborough.

With privilege comes responsibility and Lochinver pupils are committed to thinking globally and acting locally. Pupil-led charitable initiatives regularly raise £15000 for 3 charities democratically elected by the school community each year.

The School is blessed by a talented team of highly committed professionals who have shown immense capacity and courage in maintaining an excellent offering to the children and families we serve. My heartfelt thanks to everyone.

Ben Walker
Headmaster

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their report and audited financial statements for the year ended 31 August 2020.

Reference and Administrative Information

Lochinver House School was founded by Trust Deed in 1947. A Company Limited by Guarantee, Lochinver House School, was incorporated on 14 February 2002 to own and manage the School. The assets and liabilities of the School were transferred from Lochinver House School Trust to the Limited Company on 1 April 2002 when it commenced its educational activities. The School is a registered charity, number 1091045 and is constituted as a company limited by guarantee. Its objects, powers and other constitutional matters are set out in its Memorandum and Articles of Association. It is governed by a Board of Governors which is responsible for setting the strategic directions of the School and for establishing policy. The financial statements and report comply with the current statutory Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2015), The Charities Act 2011 and the Companies Act 2006.

Directors

The governing body of the company is known as the Board of Governors. The Members of the Board are also the charity trustees for the purposes of charity law and Directors for the purpose of company law. They are also the company members. Throughout this report they are collectively referred to as the Governors. Those who served during the year and since the year end were:

W R Moores	Chair
D A Taylor	Vice Chair
B Aitken	
M Collier	
A English	
N Gilbert	
J Gillespie	
O Jacobs	
J Le Couilliard	
J E R Oram	Resigned 24 June 2020
H Philp	
C A Smith	
J Taylor-Cummings	

They are elected at a full Governors' Meeting for a term of three years. They can be re-elected for up to three further consecutive terms of three years but shall not then be eligible for re-election without a break of at least twelve calendar months except by resolution of the Board.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Key Executives and Professional Advisers

The Headmaster	B C Walker B.A.(Hons), PGCE
The Bursar/Company Secretary	N L Marlow B.A. (Hons), ACA (to 31 July 2020) J C Smithson B.A. (Hons), FCA (from 1 August 2020)
Address	Lochinver House School Heath Road Little Heath Potters Bar Hertfordshire EN6 1LW
Bankers	National Westminster Bank Commercial Banking 1st Floor 30 Clarendon Road Watford, Hertfordshire WD17 1GQ
Solicitors	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5WS
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management

Governing Document

The Company is governed by its Articles of Association. The Articles were reviewed and updated in 2015. The objects of the Company are to advance education by the carrying on of a preparatory school for boys known as Lochinver House School.

Governing Body

The Governors are Directors and are elected at a meeting of the Board of Governors. Governors are recruited on the basis of nomination taking regard of special skills and personal qualities to ensure that the Board retains an effective balance of expertise to strengthen the management of the Charity. Governors are eligible to serve for an initial period of three years.

Governor Training

New Governors are provided with an induction pack containing Board policy and procedures, schemes of governance and information regarding the work and operations of the School. Governors are encouraged to attend suitable training courses which deal with their responsibilities in relation to the Companies Act, Charity Law and Department for Education requirements as the need arises and are encouraged to attend new Governor induction courses.

Organisational Management

There are normally three full Board Meetings each year where the Governors meet and review the policies of the Charity for which they are responsible. The Finance and General Purposes Committee meet to review budgets, accounts and reports and makes recommendations to the Board of Governors. The Governors have a programme of regular visits to the School to witness and monitor the charity's work in action. Day to day running of the School is delegated to the Head and the Bursar, supported by the School Senior Leadership Team.

The School, through its officers, is represented in a number of organisations including the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Association of Prep Schools (IAPS) and the Independent Schools' Bursars' Association (ISBA).

Structure and Relationships

The Headmaster is an active member of IAPS which promotes and maintains standards in preparatory schools. The School takes an active part in numerous professional studies for the evaluation of quality and performance.

Outside of the Covid-19 restrictions, we co-operate with as many local charities, clubs and associations as we can to widen public access to the education we provide and promote the educational benefits of using our sporting facilities. We have an arrangement with a local state junior school that use our science laboratories each week which makes a positive contribution to their education.

Objects, Public Benefit, Aims, Objectives and Principal Activities

The School's aim is to provide public benefit, in compliance with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance, and in accordance with its Articles of Association, which is to educate boys up to the age of thirteen.

Strategic Aim and Intended Effect

The Board's strategic aim is to reach its annual objective for the public benefit as a charitable Independent School through the provision of a high quality education for boys between the ages of four and thirteen to allow them to achieve the highest academic standards in preparation for entry into the senior school of their own and their parents' choice. Our wider admission policy enables us to help boys from lower income or otherwise disadvantaged families to benefit from our fee based schooling and to benefit from our extra-curricular programme. The School also aims to draw out all boys' abilities and academic potential and to develop their wider interests in life within a secure and stable environment to enable them to participate in society and the community.

Principal Activity

The School's principal activity continues to be the provision of an excellent standard of education for boys aged four to thirteen.

Objectives

The Board's main objective continues to be to educate all pupils to a high standard each year, which benefits their chosen senior school for the completion of their education. The School has a three year whole school development plan which is regularly reviewed and updated. The School is committed to reviewing its academic syllabus and teaching methods. The facilities are upgraded regularly to provide modern buildings and amenities, which stimulate the pupils in all areas of their development.

The Board's other objective is to develop bursaries with a view to further increasing the School's intake of boys from lower income families and to extend working arrangements with other charities and state schools to provide access to our facilities for those who cannot come to the School itself. We set aside funds for bursary awards to help those in need of assistance with our school fees.

Review of Achievements and Performance for the Year

Academic

The achievements of pupils demonstrate the School's continued success. Lochinver boys are in demand and in the last 10 years we have sent boys to over 20 different schools. Our Year 8 boys gain successful entry to their chosen senior schools. In the last three years, our boys have been offered 44 scholarships. This year we sent boys to 8 Schools: Aldenham, Bishop's Stortford College, Haberdashers' Aske's, Haileybury, Mill Hill School, St Albans, St Columba's and Westminster. These accomplishments have been made possible by the recruitment of the highest quality staff and by maintaining a high teacher to pupil ratio which ensures that teaching methods can be suited to individual needs. Teaching staff regularly attend training courses in order to enhance their personal performance and to improve the quality of the curriculum. The School reviews its academic syllabus and teaching methods in order to benchmark standards and value-added criteria.

Extra-Curricular activities

Although limited by the Covid-19 restrictions this year, the School has an educational programme to provide many extra-curricular activities for the children. Visits have been undertaken to theatres, field study centres, museums and various places of worship for different religions. Many of these visits have been linked to specific classroom projects. A number of theatre and performing arts groups have given performances to the School along with talks by authors and storytellers and these have usually been linked with annual book weeks when the pupils participate in a wide range of activities.

Music remains very strong at the school with a large uptake of participants. Over half of our boys learn an instrument with half of those learning two or more to progress on a termly basis through ABRSM grade exams. Five boys took part in the National Children's Orchestra. Our weekly composition club which builds on class music lessons and the use of Sibelius software led to a number of boys hearing their own compositions being played by a visiting professional string quartet.

The School continues to put out a tremendous number of sports teams and we have competed at the highest level. For the fourth year, Lochinver were finalists in the IAPS Basketball competition. We remain the only Prep School to have reached the national final of the Independent Schools Football Association Cup. This was achieved at both Under 13 and Under 11 levels. Some boys are contracted to professional clubs.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Developments in the School

Having completed a three phase building development plan in the summer of 2019 and faced the challenges of Covid-19, we are shortly to commence a review of our strategic development for the next 5 years. There has been significant IT development within the School in the last few years and this continues. All boys in our top years, years 6-8 are provided with an iPad to be used in conjunction with traditional teaching methods. Our investment in IT has enabled us to respond quickly to the demands of Covid-19 and we anticipate that the agility demonstrated during these times will supercharge our offering in this regard in the future.

Public Benefit

Bursaries

The Governors recognise that the independent education fees are at levels which may exclude many boys from applying for a place at the School but they are committed to widening the access to the education offered. Accordingly, the Governors set a fixed sum to provide bursaries for those boys whose parents could otherwise not afford to send them to our School. The Governors have a formal Bursary Policy and a Governors' Bursary Award Committee assesses all applications and report to the Board. Details of Bursaries are included on the School website. The Governors budgeted £135,000 for bursaries in 2019/2020 which is reviewed on an annual basis. Emergency funds were made available to assist parents facing unprecedented demands during the Covid-19 restrictions. In addition, the fees for the Summer term for all pupils were discounted by 20% as a one-off concession to all parents.

In 2019/2020 the School supported fourteen (2018/2019: twelve) pupils through our Bursary Scheme, three of whom were on a full bursary. The support which is available on a needs basis as determined by the Governors' Bursary Award Committee reduced annual income from scale fees by £154,613 (2018/19 £119,028). The Governors have currently agreed thirteen bursaries for 2020/2021 totalling £118,678, including four full bursaries.

Other Public Benefit

The School continues to support various good causes via the Head Boys' Charities. The donations support various national and local charities which benefit the community. This year the charities were Breast Cancer Now, the Brain Tumour Charity & the Children's Trust.

For a small prep school the School has great facilities and it uses these as far as it is able to benefit the local community, although this has been impacted this year by the Covid-19 restrictions. Local state schools have attended workshops and special events. The Science laboratories are made available on a weekly basis for a local junior school to attend an after school club. These activities make a positive contribution to their education. During the closure of all schools between March and May 2020 (including in the holidays), onsite education was provided to 18 children of keyworkers as well as a full remote provision to all of our other boys during term time.

The facilities of the School are made available to outside organisations to benefit the education of children and adults. School links with the community continue with our association with the local youth organisations.

The School maintains a public benefit register of all activities where the School opens its facilities to the local community. The financial benefit to the community via free or reduced charges for use of our facilities has been assessed to be over £5,940 for 2019/2020 which was reduced to the Covid-19 restrictions.

Charity Fundraising

The school has not made any fundraising appeals to the general public during the year, and is unlikely to do so in the future. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Volunteers

Volunteers in the school have been limited since March 2020 by the Covid-19 restrictions. The Parent Teacher Association meets regularly to organise and run social events to raise funds for the School. The School continues to enjoy the support of volunteers and parental helpers in the classroom. The level of this voluntary service is invaluable to the School in providing the excellent level of education to which the School is committed. The Governors would like to thank all those volunteers for their valuable support. The School also appreciates the number of parents who donate their time to take boys for reading support.

Looking ahead

The key objective continues to be the provision of a high quality education for boys aged between four and thirteen to allow them to achieve the highest academic standards.

The School has a three year Development Programme covering the curriculum, premises, staff training, pupil development and the provision of bursary support.

Financial Results and Reserves Policy

The results are shown in the accompanying financial statements on pages 13 to 26. During the financial year, the School generated income of £4,498,795 (2019: £4,830,590) from school activities. The reduction from the prior year reflects the recognition the Governors made of the impact that the Coronavirus pandemic was likely to have on the School Community which led to a downward adjustment to the Summer term instalment of the 2019/20 fees.

Expenditure of £4,326,900 (2019: £4,292,288) was incurred.

Additions to fixed assets totalled £340,144 (2019: £579,816) and included £47,763 (2019: £68,017) for computer equipment, £248,445 (2019: £511,799) on building improvements and equipment, and fixtures & fittings and motor vehicles of £19,792 and £24,144 respectively.

The School has an objective to achieve a surplus each year to ensure that there are sufficient reserves to manage the School prudently and to provide funds for future capital expenditure. The accumulation of reserves to date enables the ongoing implementation of the School's Development Plan.

Notes 13 to 16 split the reserves between those held for a specific purpose (restricted funds) and those available for the day to day requirements of the School (unrestricted funds). The School's assets are sufficient to meet its obligations.

Key management personnel

The Governors have identified the Headmaster and Bursar as key management personnel. The salary of these key management personnel is set by the Board of Governors after assessing their performance and reviewing market benchmarks.

Investment Performance

The Articles of Association permit funds to be invested in such investments, securities and property as may be thought fit.

At present investment income is generated primarily by placing funds with up to three separate banks to minimise risk, as determined by the Bursar, to whom such responsibilities are delegated by the Governors under the Terms of Reference of the Treasury Policy.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

Resources

The School's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,233,968 (2019: £5,114,135) represents unrestricted funds retained to finance the freehold property of the School. The balance of the unrestricted funds of £3,783,119 (2019: £3,738,184) represents general reserves to cover normal fluctuations in working capital, to finance the continuing development of the School and to help fund provision for bursaries.

Principal Risks & Uncertainties

The Governors carry out regular reviews of the School's activities and operations. As part of that process a Risk Management Committee annually reviews the action taken, or proposed to be taken, by the School to identify and manage the main risks to which the School is exposed. Through the reports and recommendations of the Risk Management Committee, the Governors monitor the effectiveness of the School's internal policies and procedures for the management of such risks, including the adequacy of the School's insurance cover.

The School has identified the following as the principal risks it faces;

- Maintaining pupil numbers in the current challenging economic climate and the ability of existing parents to fund fees, particularly with the uncertain economic conditions once the global health emergency lifts. Strategies for managing this risk include the Director of Admissions and Marketing working to strengthen links with local nursery schools and developing a marketing strategy to support pupil retention. A new website was launched and a social media agency engaged. A robust Bursary Policy and application procedure is in place.
- The capacity of the School to adapt practically and efficiently to the increasingly onerous regulatory and legislative requirements that schools face. Strategies for managing this risk include having a dedicated HR & Compliance Manager and compliance is addressed as a standing item of the main Governors agenda at every meeting.
- Recruitment and retention of staff of the required calibre to maintain the high standards of the School, this is increasingly challenging and is being managed by building links with training colleges and enhancing our recruitment process. CPD is actively encouraged and supported.
- Significant political change which will inevitably be detrimental to the charitable status of independent schools. Risks may include the potential loss of business rate relief and the introduction of VAT on school fees resulting in a fall in pupil numbers due to fees being unaffordable for many parents. The School works with the ISC and other representative bodies to defend the charitable status of independent schools and is constantly seeking ways to reduce costs and generate additional income to mitigate the impact of these possible changes.

The Board recognises that systems cannot provide absolute assurance that all possible risks have been identified and managed, but strives to ensure strategies, systems and plans are in place to mitigate these risks.

LOCHINVER HOUSE SCHOOL

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Governors (who are also Directors of Lochinver House School for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- 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 business.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the School's transactions, 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.

So far as each of the Governors is aware at the time the report is approved:

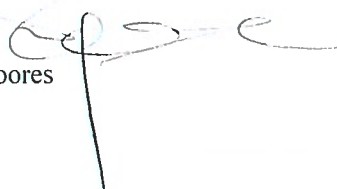
- there is no relevant audit information of which the company's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

Messrs Haysmacintyre LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

In approving this Governors/Trustees Report, the Board are also approving the Strategic Report included herein their capacity as company directors.

Approved by the Board of Directors at its meeting on 2/12/20 and signed on its behalf by:


W R Moores
Chair

Opinion

We have audited the financial statements of Lochinver House School for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related 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 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCHINVER HOUSE SCHOOL

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' 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 Trustees' Annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company 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.

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.



.....
Thomas Wilson
Senior Statutory Auditor
For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 9 December 2020

LOCHINVER HOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating income and expenditure account)

FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Restricted Fund £	Unrestricted Fund £	Total 2020 £	Total 2019 £
INCOME FROM:					
Charitable activities					
School Fees receivable	2	-	4,310,631	4,310,631	4,640,609
Registration fees and other income	3	-	107,384	107,384	143,438
Donations		7,127	56,018	63,145	20,128
Other trading activities					
Rents and lettings		-	6,409	6,409	8,989
Investment income	6	-	11,226	11,226	13,838
Other		-	-	-	3,588
Total income		7,127	4,491,668	4,498,795	4,830,590
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		-	4,326,900	4,326,900	4,292,288
Total expenditure	7	-	4,326,900	4,326,900	4,292,288
Net income		7,127	164,768	171,895	538,302
Transfers between funds		-	-	-	-
Net movement in funds		7,127	164,768	171,895	538,302
Balances brought forward		5,630	8,852,319	8,852,949	8,319,647
Balances at carried forward	13	12,757	9,017,087	9,029,844	8,857,949

There were no acquisitions or discontinued activities during the year. There were no other recognised gains or losses during the year.

The accompanying notes form part of these accounts.

BALANCE SHEET

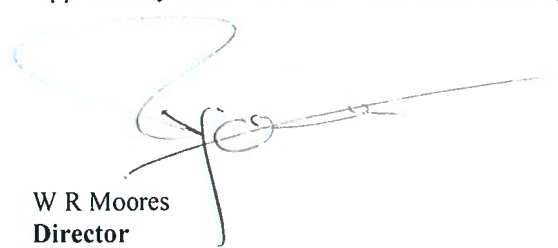
AS AT 31 AUGUST 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets			
School land, buildings and equipment	9	5,659,066	5,523,690
CURRENT ASSETS			
Debtors	10	164,521	127,779
Cash at bank and in hand		3,943,345	4,001,672
		<u>4,107,866</u>	<u>4,129,451</u>
CREDITORS: amounts falling due within one year	11	<u>(584,587)</u>	<u>(646,191)</u>
NET CURRENT ASSETS		3,523,279	3,483,260
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,182,345</u>	<u>9,006,950</u>
CREDITORS: amounts falling due after one year	12	(152,501)	(149,001)
TOTAL NET ASSETS		<u>9,029,844</u>	<u>8,857,949</u>
CAPITAL AND RESERVES			
13			
Unrestricted funds			
Designated: School Buildings		5,233,968	5,114,135
General funds		3,783,119	3,738,184
	15	<u>9,017,087</u>	<u>8,852,319</u>
Restricted funds	16	12,757	5,630
		<u>9,029,844</u>	<u>8,857,949</u>

Approved by the Board of Directors at its meeting on

2/12/20

and signed below on its behalf by:



W R Moores
Director

LOCHINVER HOUSE SCHOOL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

		2020	2019
		£	£
Cash flows from operating activities:			
<i>Net cash provided by operating activities</i>	A	270,591	756,983
Cash flows from investing activities:			
Interest received		11,226	13,838
Payments for tangible fixed assets		(340,144)	(579,816)
Proceeds from disposal of fixed assets		-	2,178
<i>Net cash used in investing activities</i>		(328,918)	(563,800)
Change in cash in the reporting year		(58,327)	193,183
Cash at the beginning of the reporting year		4,001,672	3,808,489
Cash at the end of the reporting year	B	3,943,345	4,001,672
A. Reconciliation of net income to net cash flow from operating activities			
		2020	2019
		£	£
Net income for the reporting year (as per the statement of financial activities)		171,895	538,302
Adjustments for:			
Depreciation charges		204,768	205,145
Interest received		(11,226)	(13,838)
Profit on sale of fixed assets		-	(2,178)
(Increase)/decrease in debtors		(36,742)	68,575
(Decrease) in creditors		(58,104)	(39,023)
Net cash provided by operating activities		270,591	756,983
B. Analysis of cash and cash equivalents			
		2020	2019
		£	£
Cash at bank		3,943,345	4,001,672
Total cash and cash equivalents		3,943,345	4,001,672

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP 2015 (Second Edition, effective 1 January 2019)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of the school is considered to be GBP because that is the currency of the primary economic environment in which the school operates.

The school is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee (company number: 04374254 and charity number: 1091045).

a) Basis of Preparation

The accounts are prepared under the historical cost convention.

b) Going concern

Having reviewed the funding facilities available to the school together with the expected ongoing demand for places and the school's future projected cash flows, the Governors have an expectation that the school has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the school's financial viability. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Accounting and Reporting Responsibilities on page 12.

c) Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements made by the Governors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

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

d) Fees and Similar Income

Fees receivable and other fees are accounted for in the year in which the service is provided. Fees receivable represent fees less bursaries and allowances and other income derived from the School's continuing activities.

e) Investment income

Investment income from bank balances and fixed interest securities is accounted for on an accruals basis.

1. ACCOUNTING POLICIES (continued)

f) Donations, legacies, grants and other voluntary income

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

g) Expenditure

Expenditure is accounted for on an accruals basis and are allocated to expense headings on a direct cost basis. The irrecoverable VAT is included with the item of expense to which it relates. Governance costs comprise costs incurred in meeting statutory and constitutional requirements of the School.

h) Tangible Fixed Assets

No depreciation is provided on freehold land. For all other assets, depreciation is calculated to write off the cost of the item over the anticipated useful life as follows:

Freehold buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis
Long-term fixtures, fittings and equipment	4% straight line basis
Computer equipment	25% straight line basis
Motor vehicles	25% reducing balance basis

Items costing less than £1,000 are written off as an expense as acquired. Items are depreciated only for six months in the year of acquisition.

i) Pension contributions

The company contributes to the Teachers' Pension Scheme at rates set by the scheme actuary. It is part of a multi-employer scheme and it is not possible to attribute a value to the scheme assets and liabilities which would be appropriate to the company. In accordance with FRS 102 the scheme is accounted for as if it were a defined contribution scheme. The assets of the scheme are held separately from those of the company. The pension cost charge represents the amount of the contributions payable to the scheme in respect of the year. The company also contributes to personal pension schemes for non-teaching staff and these contributions are charged to the profit and loss account in the year in which they are incurred.

j) Unrestricted Funds

Unrestricted Funds are funds applied at the discretion of the Governors in furtherance of the objects of the school.

k) Restricted funds

This represents the monies received for specific purposes as disclosed in note 16.

l) Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

m) Debtors

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES (continued)

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

o) Creditors and provisions

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

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

2. FEES RECEIVABLE

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Gross fees	4,486,769	4,784,618
Less: total bursaries and staff concessions	(176,138)	(144,009)
Fees Receivable	<u>4,310,631</u>	<u>4,640,609</u>

3. REGISTRATION FEES AND OTHER INCOME

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Registration and other fees including initial deposits forfeited	22,975	29,513
Sundry income	28,701	33,677
Before & After School clubs and music tuition	55,708	80,248
	<u>107,384</u>	<u>143,438</u>

4. STAFF COSTS

	2020 £	2019 £
Staff costs incurred were as follows:		
Wages and salaries	2,554,371	2,531,217
Social security costs	257,308	251,965
Other pension costs	444,536	338,688
Other costs	30,766	31,531
	<u>3,286,981</u>	<u>3,153,401</u>

The average number of employees during the year within each category of persons was:

	Number	Number
Teaching	68	69
Welfare and premises	15	15
Administration	6	7
	<u>89</u>	<u>91</u>

The Trustees received no remuneration. No trustees were reimbursed expenses during the year (2019: £nil).

	£	£
Aggregate employee benefits of key management personnel	<u>237,262</u>	<u>237,967</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

4. STAFF COSTS (continued)

The number of higher paid employees (including taxable benefits but excluding employers' pension contributions) to 31 August 2020 was:

	2020 Number	2019 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,000 - £90,000	1	-
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1

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 £336,978 (2019: £266,977) and at the year-end £Nil (2019 - £Nil) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 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. A consultation was launched by the government on 16 July 2020 and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in 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. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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 the consultation and the cost cap mechanism review are completed 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.

LOCHINVER HOUSE SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 AUGUST 2020**

5. EXPENDITURE

	2020	2019
	£	£
Direct charitable expenditure includes:		
Depreciation	204,768	205,145
Governance costs include:		
Auditors' remuneration		
- audit	10,530	9,585
- non audit	900	1,050
Directors liability insurance	2,315	2,203

6. INVESTMENTS INCOME

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Bank interest	11,226	13,838

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

7. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £	Other £	Depreciation £	Total 2020 £
Charitable activities				
School Operating Costs:				
Teaching	2,730,082	217,999	-	2,948,081
Welfare	96,567	81,422	-	177,989
Premises and equipment	118,960	390,688	204,768	714,416
Support and governance costs	341,372	145,042	-	486,414
Head Boys' charitable donations	-	-	-	-
	<u>3,286,981</u>	<u>835,151</u>	<u>204,768</u>	<u>4,326,900</u>

ANALYSIS OF TOTAL EXPENDITURE (Prior Year)

	Staff costs £	Other £	Depreciation £	Year-ended Total 2019 £
Charitable activities				
School Operating Costs:				
Teaching	2,622,611	277,607	-	2,900,218
Welfare	97,454	90,574	-	188,028
Premises and equipment	103,576	384,048	205,145	692,769
Support and governance costs	329,760	166,575	-	496,335
Head Boys' charitable donations	-	14,938	-	14,938
	<u>3,153,401</u>	<u>933,742</u>	<u>205,145</u>	<u>4,292,288</u>

8. PENSION COMMITMENTS

Staff costs include payments by the company to the Teachers' Pensions Scheme of £336,978 (2019: £266,977) and to an individual defined contribution scheme on behalf of certain employees of £71,710 (2019: £71,584). The amount outstanding at the year-end was £Nil (2019: £Nil).

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

9. TANGIBLE FIXED ASSETS

	Freehold Land £	Freehold Buildings £	Fixtures Fittings & Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2019	425,806	6,182,145	413,494	404,272	99,971	7,525,688
Additions	-	248,445	19,792	47,763	24,144	340,144
Disposals	-	-	(4,449)	(1,898)	-	(6,347)
At 31 August 2020	425,806	6,430,590	428,837	450,137	124,115	7,859,485
Depreciation						
At 1 September 2019	-	1,493,816	148,596	282,030	77,556	2,001,998
Charge for the year	-	128,612	35,400	29,115	11,641	204,768
Disposals	-	-	(4,449)	(1,898)	-	(6,347)
At 31 August 2020	-	1,622,428	179,547	309,247	89,197	2,200,419
Net Book Value						
At 31 August 2020	425,806	4,808,162	249,290	140,890	34,918	5,659,066
At 31 August 2019	425,806	4,688,329	264,898	122,242	22,415	5,523,690

The above assets include those acquired from Lochinver House School Trust on 31 March 2002 for £2,985,449 being the net book value to the Trust at the date of transfer. The land and buildings were originally acquired by that Trust in 1957 when the School was founded by Trust Deed and since that date, various improvements and extensions had been made to the buildings.

The remainder of the assets have been acquired since the company was incorporated and are stated at cost less depreciation.

10. DEBTORS

	2020 £	2019 £
Fees receivable	10,040	21,203
Other debtors and prepayments	154,481	106,576
	<u>164,521</u>	<u>127,779</u>

11. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Fees in advance and initial deposits	365,253	459,046
Trade creditors	78,915	68,213
Other creditors and accruals	140,419	118,932
	<u>584,587</u>	<u>646,191</u>

12. CREDITORS: amounts falling due after more than one year

	2020 £	2019 £
Long term deposits held	152,501	149,001

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

13. MOVEMENT IN FUNDS	Balance at 1 September 2019 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2020 £
Unrestricted funds					
School Buildings fund	5,114,135	-	-	119,833	5,233,968
Other reserves	3,738,184	4,491,668	(4,326,900)	(119,833)	3,783,119
	<u>8,852,319</u>	<u>4,491,668</u>	<u>(4,326,900)</u>	<u>-</u>	<u>9,017,087</u>
Restricted funds	<u>5,630</u>	<u>7,127</u>	<u>-</u>	<u>-</u>	<u>12,757</u>

MOVEMENT IN FUNDS (Prior Year)	Balance at 1 September 2017 £	Income £	Expenditure £	Transfer to/ (from) fund £	Balance at 31 August 2019 £
Unrestricted funds					
School Buildings fund	4,850,323	-	-	263,812	5,114,135
Other reserves	3,465,794	4,809,052	(4,277,156)	(259,506)	3,738,184
	<u>8,316,117</u>	<u>4,809,052</u>	<u>(4,277,156)</u>	<u>4,306</u>	<u>8,852,319</u>
Restricted funds	<u>3,530</u>	<u>21,538</u>	<u>(15,132)</u>	<u>(4,306)</u>	<u>5,630</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	2020 Total £
Fixed assets	5,659,066	-	5,659,066
Debtors	164,521	-	164,521
Cash at bank and in hand	3,930,588	12,757	3,943,345
Creditors	(737,088)	-	(737,088)
	<u>9,017,087</u>	<u>12,757</u>	<u>9,029,844</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS
(Prior Year)**

	Unrestricted £	Restricted £	2019 Total £
Fixed assets	5,523,690	-	5,523,690
Debtors	127,779	-	127,779
Cash at bank and in hand	3,996,042	5,630	4,001,672
Creditors	(795,192)	-	(795,192)
	<u>8,852,319</u>	<u>5,630</u>	<u>8,857,949</u>

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

15. UNRESTRICTED FUNDS

The company's unrestricted funds represent two types of fund. The designated "School Buildings" of £5,233,968 (2019: £5,114,135) represents unrestricted funds retained to finance the freehold property of the School. The balance of the general funds of £3,783,119 (2019: £3,738,184) represents free reserves of £3,358,021 (2019: £3,328,629) to cover normal fluctuations in working capital and to finance the continuing development of the School and the remaining £425,098 (2019: £409,555) represents the value of other fixed assets.

16. RESTRICTED FUNDS

The restricted funds of £12,757 (2019: £5,630) relate to monies held by the School on behalf of pupils for external charitable purposes and the ski fund. Transfers from restricted funds have been made to reflect the assets funded from restricted donations becoming unrestricted upon purchase.

17. CAPITAL COMMITMENTS

The Headmaster, together with the Directors, continues to implement the Development Plan for the School. The Directors have authorised expenditure of £Nil (2019: £91k) in respect of information technology and £Nil (2019: £645k) primarily in respect of alterations to the School's buildings.

18. FINANCIAL COMMITMENTS

At 31 August 2020 the charity had no annual commitments under non-cancellable operating leases.

19. TRANSACTIONS WITH RELATED PARTIES

During the year the company paid for the Directors' liability insurance. The cost of the premium is included within the total cost of insurance and amounted to £2,315 (2019: £2,303).

There were no other related party transactions during the year.

20. LIABILITY OF MEMBERS

The company is limited by guarantee and as such each member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts.

LOCHINVER HOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

21. FINANCIAL INSTRUMENTS

	2020	2019
	£	£
Financial assets measured at amortised costs (a)	10,040	28,028
Cash held (b)	3,943,345	4,001,672
Financial liabilities at amortised costs (c)	737,088	795,192

(a) Financial assets include trade debtors, fee debtors and other debtors.

(b) Cash held

(c) Financial liabilities include deposits, fees in advance, trade creditors, accruals and other creditors