

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		<u>7,127</u>	<u>4,491,668</u>	<u>4,498,795</u>	<u>4,830,590</u>
EXPENDITURE ON:					
Charitable Activities					
School Operating costs		-	4,326,900	4,326,900	4,292,288
Total expenditure	7	<u>-</u>	<u>4,326,900</u>	<u>4,326,900</u>	<u>4,292,288</u>
Net income		7,127	164,768	171,895	538,302
Transfers between funds		-	-	-	-
Net movement in funds		<u>7,127</u>	<u>164,768</u>	<u>171,895</u>	<u>538,302</u>
Balances brought forward		<u>5,630</u>	<u>8,852,319</u>	<u>8,852,949</u>	<u>8,319,647</u>
Balances at carried forward	13	<u><u>12,757</u></u>	<u><u>9,017,087</u></u>	<u><u>9,029,844</u></u>	<u><u>8,857,949</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

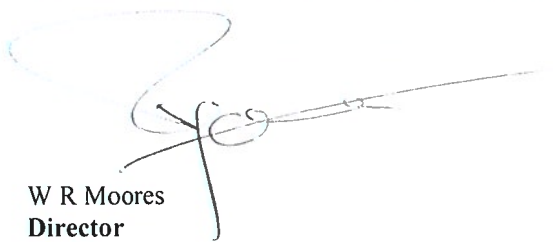
AS AT 31 AUGUST 2020

	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		
				4,107,866			4,129,451
CREDITORS: amounts falling due within one year							
	11	(584,587)			(646,191)		
NET CURRENT ASSETS							
				3,523,279			3,483,260
TOTAL ASSETS LESS CURRENT LIABILITIES							
				9,182,345			9,006,950
CREDITORS: amounts falling due after one year							
	12			(152,501)			(149,001)
TOTAL NET ASSETS							
				9,029,844			8,857,949
CAPITAL AND RESERVES							
Unrestricted funds							
Designated: School Buildings				5,233,968			5,114,135
General funds				3,783,119			3,738,184
	15			9,017,087			8,852,319
Restricted funds							
	16			12,757			5,630
				9,029,844			8,857,949

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	4,310,631	4,640,609

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
	107,384	143,438

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
	3,286,981	3,153,401

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
	89	91

The Trustees received no remuneration. No trustees were reimbursed expenses during the year (2019: £nil).

	£	£
Aggregate employee benefits of key management personnel	237,262	237,967

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