

Company No. 01194206

Registered in England

Charity No. 269433

THE VERNON EDUCATIONAL TRUST LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

THE VERNON EDUCATIONAL TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS

Contents	Page
Charity Information	1
Annual Report of the Council of Management	3
Strategic Report	8
Statement of Accounting and Reporting Responsibilities	10
Independent Auditor's Report	12
Consolidated Statement of Financial Activities	15
Consolidated Balance Sheet	16
Charity Balance Sheet	17
Consolidated Cashflow Statement	18
Notes to the Financial Statements	19

THE VERNON EDUCATIONAL TRUST
ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT
YEAR ENDED 31 AUGUST 2020

CHARITY INFORMATION

The Council of Management ('Council') of The Vernon Educational Trust are the school's charity trustees under charity law and the directors of the charitable company. The members of the Council who served in office during the year and subsequently are detailed below.

	(1)	(2)	(3)	(4)	(5)
Mr A H Monro (Chairman)
Mr R G Mansfield (Vice-Chairman)	.			.	.
Dr A Fairbank			.		.
Mr I M Hunt
Mrs A Hutchinson		.			
Mrs T Ingles* (appointed 1st September 2020)	.				
Mr T Jones	.		.	.	
Mr A J Lunn	.			.	
Mr J A McLaren					
Ms P Mills	.				
Dr H F Patel			.	.	
Mr M Smith (resigned 28th September 2020)					
Dr M Van Grondelle					

(1) Finance, Development & Risk Committee (incorporates the Audit Committee and Annual Budget Committee)

(2) Education Committee

(3) Welfare & Safeguarding Committee

(4) Nominations Committee

(5) Remuneration Committee

* Parent of pupils at the School

During the year the activities of the Council were carried out through five committees. The membership of these committees is shown above for each member of Council.

**THE VERNON EDUCATIONAL TRUST
ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT
YEAR ENDED 31 AUGUST 2020**

OFFICERS (currently and throughout the year)

W D Murdock

Headmaster

R Quinn

Company Secretary & Bursar

Principal address and Registered Office

Danes Hill School, Leatherhead Road, Oxshott, Surrey, KT22 0JG

Auditors

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

Bankers

Lloyds Bank plc, 25 Gresham Street, London, EC2V 7HN

Solicitors

Farrer & Co LLP, 65-66 Lincoln's Inn Fields, London, WC2A 3LH

Insurance brokers

SFS Group Limited, Unit 21 Dean House Farm, Church road, Newdigate, Dorking, Surrey, RH5 5DL

Websites

www.daneshillschool.co.uk

www.vernoneducationaltrust.org.uk

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

The Council of Management ('Council') presents its report and the consolidated financial statements of The Vernon Educational Trust Limited ('Trust') for the year ended 31 August 2020. This is prepared in accordance with the Companies Act 2006 and the Charities Act 2011 and includes the Directors Report and Strategic Report, together with the consolidated financial statements for the year. The Council confirm that the latter comply with the requirements of the Companies Act 2016, the Company's Memorandum and Articles of Association and the Charities SORP 2015 (FRS102)

REFERENCE AND ADMINISTRATIVE INFORMATION

The Council administers the Trust which is a registered charity as detailed on page 1. The legal status of the Charity is a company limited by guarantee, without share capital. The Council members are also the Directors of the company. The liability of each of the members of the company is limited to an amount not exceeding £1. The names of the Members of the Council who have held office from 1 September 2019 to the date of this report unless otherwise stated are shown on page 1.

In addition, the Council members act as Governors of Danes Hill School (the School), which is fully owned by the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Trust is governed by its Memorandum and Articles of Association, last amended on 6 October 2003.

Governing body

The Council meets regularly in the manner prescribed in the Articles of Association. One third of its members retire every year and members are eligible for re-election after careful consideration. At present the process does not limit the number of re-elections and will be reviewed to bring it closer in line with the Charity Governance code. The Council is authorised to appoint new members to its number provided it does not exceed the maximum (15) prescribed by the Articles of Association. A Nominations Committee exists to deal with the appointment of new Council members.

Recruitment and training of Council members

New Council members are elected at a General Meeting on the recommendation of the Nominations Committee. In making these nominations, account is taken of eligibility, personal competence, specialist skills and availability. New members are inducted into the workings of the Trust, and also of the Company as a registered charity, including Board Policy and Procedures, by the Chairman, Company Secretary, Headmaster and Bursar. Appropriate external training on governance and other relevant matters is offered to Council members.

Organisational management

The Council meets at least three times a year to determine general policy and review the framework of management and control for which it is legally responsible. The detailed proposals are formulated by three of the standing committees, namely the Education Committee, the Finance, Development & Risk Committee and the Welfare & Safeguarding Committee, which make recommendations to Council. These Committees meet prior to Council meetings and on other occasions as necessary to review the business of Council, including strategy, the budgets and the annual report and accounts.

The day-to-day running of the School is delegated to the Headmaster and the Bursar in accordance with the delegated powers protocol. Remuneration is set by Council, with the policy objective of providing appropriate

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to the school's success.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other independent schools to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere.

Delivery of the Trust's charitable vision and purpose is primarily dependent on our key management personnel and staff costs are the largest single element of our charitable expenditure.

Charity Governance Code

The Council are satisfied that the Charity applies the principles of the Charity Governance Code within its current Governance arrangements.

Following a skills audit, areas of expertise have been highlighted where the governing body requires potential representation at board level. This information is available for the nominations committee to use.

In addition, the nominations committee is also taking positive action in its search, evaluation, and selection of new trustees to more accurately reflect the diversity in the school, the pupil, parent and staffing cohort.

Group structure and relationships

The Trust has two wholly owned non-charitable subsidiaries, Danes Hill Trading Limited and Brinlay Limited, both of which are currently dormant.

The School is a member of the Independent Association of Preparatory Schools (IAPS), the professional organisation for promoting and maintaining preparatory school standards. It is also a member of the Association of Governing Bodies of Independent Schools (AGBIS) and the Independent Schools Bursars Association (ISBA).

Fundraising

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The objects of the Trust, in accordance with its Memorandum of Association, are to advance the education of children and adults by the provision of day nurseries, pre-preparatory schools, preparatory schools, secondary schools and tutorial Schools. Currently the Trust operates Danes Hill School offering pre-preparatory and preparatory education. In the past the Trust has operated other educational establishments and has reviewed opportunities to acquire additional schools. The Trust continues to explore and consider new ways of achieving its objects.

In the furtherance of these objects the Council, as the charity trustees, have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the Public Benefit requirement under that Act.

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

Strategic aim

The Trust's strategic aim is to develop to the full the academic and extra-curricular potential of each student. To achieve this and its objective for the public benefit as a charitable trust, the admissions policy for helping children from lower-income or otherwise disadvantaged families is in place to enable them to benefit from fee-based schooling by making awards available.

Objectives for the year

The primary objective, with the Trust only operating at Danes Hill School, continues to be the education and development of each individual pupil to their highest potential so ensuring that on leaving they will be able to gain entry to and fully benefit from an education at their chosen senior school.

Our strategy for achieving this is to maintain a favourable teacher-to-pupil ratio, offer special programmes for gifted and talented children and provide support for children with mild learning disabilities in a centre staffed by specialist teachers.

In addition to develop bursary and other funding sources with a view to further increase the help offered to children from lower-income families at the School.

Principal activity

The Trust's principal activity continues to be the provision of a rounded education for boys and girls aged between 3 and 13 at the School, which has a non-selective pupil population. The Trust has been successful in developing the buildings, playing fields and other teaching facilities to a very high standard. The School has also been successful in maintaining pupil numbers at capacity.

Public Benefit

The Trust is proud of its contribution towards public benefit and is able to make a difference in a number of diverse communities in which it operates. The Trust looks to utilise its assets for the use of the community, however it is restricted to core hours, outside of which the facilities are not able to be used due to concerns raised by local residents. The following five areas (Education, Financial Support, Engagement with the state sector, Community engagement and Wider community benefit) highlight what the Trust is doing to meet its public benefit requirements.

Education

The school educates approximately 850 pupils from a large geographical area. The children study a broad range of subjects with the objective of getting them ready for their chosen senior school and to lay the foundations for a fulfilling adult life where they can contribute to society.

Financial support

The Trust continues to grant a number of bursaries to deserving pupils under its Bursary and Financial Assistance Policy. These are means tested and the criteria for these bursaries are determined by the Council and are applied in conjunction with the Finance, Development and Risk Committee. The value of these benefits amounted to £748,893 (2019: £ 670,277) which is equal to 5.1% (2019: 4.2%) of tuition fees.

Engagement with the state sector

The School is also an established NQT Network Centre for teachers from other schools, including schools from the maintained sector. A fully comprehensive staff development programme is in place which enables graduates to obtain "Qualified Teacher Status" (QTS) through our Graduate Training Programme (GTP).

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

The School would normally donate its facilities to the Royal Kent School (state funded), Oxshott to use during the summer term but was unable to due to the current epidemic. The school did however support the school by offering equipment (gazebo and tables) for their summer fair, which helps generate income.

Community engagement

The school interacts with a large number of communities and educates the children about what their roles are and why they are so important.

Groups including local elderly residents and children from a local care home were invited in to see School performances.

The school raised over £18,000 for a wide range of charities including Combat Stress, Cherry Trees, Shooting Star House Children's Hospice, Wildlife Aid Foundation and The Children's Trust.

The school supported a local scout group by offering them the use of their minibuses for a week-long trip. This allowed the group to run trips at an affordable level for families.

Wider community benefit

The pre-prep has also donated to the shoe box appeal, sending over 100 shoe boxes to deprived children around the world

The school again supported the Cobham Food Bank and was able to donate a large quantity of food kindly given by the pupils. The school supported the "Wrap up London" campaign and donated children's coats.

The school was able to offer a number of educational talks on site (up to February 2020) and invited parents and teachers from local maintained school to attend.

The school offered advertising space to local businesses in the weekly newsletter. The school also offered the use of the car park free of charge to help ease congestion in the area for large scale events.

Achievements and performance

During the year ending 31st August 2020 Trust found itself in the midst of the global Covid-19 pandemic. As part of the national response to the pandemic, HM Government decided that schools should close on 20th March 2020, save for the provision of a day-care crèche for key workers' children.

On March 25th the trustees convened an emergency budget meeting, and they decided to rework the budget model for 2020/21 with an even more cautious set of underlying assumptions. At the same meeting it was decided to offer a 20% discount on the school fees for the summer term and this was communicated to the parent cohort by the Chairman. In addition all other discretionary costs were contained, powered-down to zero, or deferred. Construction sites which were able to implement the requisite social distancing measures were not closed by HM Government so the sports hall development continued on site and opened during the autumn term of 2020-21.

The school was able to effectively change its education proposition to full online learning for all age groups. All safeguarding policies, staff code of conduct policies, and cyber-safety policies and risk assessments were updated. A full day's timetable was created giving the children the enrichment of the extended education they receive at Danes Hill School. This commenced at the beginning of the summer term and all staff underwent training over the Easter break to use Microsoft Teams. As the new term continued and following a parental, staff and pupil survey the school was able to modify the timetables where needed to further improve the online proposition for the children.

On the 1st June 2020 the school was able to welcome back 3 and 4 year olds, reception, year 1 and year 6 following the government's decision. The school's decision to invite all children was based on a belief that it was good for their mental health & wellbeing and the school was in a position to have enough space to

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

accommodate the increase in a number of cluster-classes. The children were put into smaller groups, enjoying a full timetable of lessons and staying together for the whole day. The uptake was very successful and 87% of pupils returned in the first week, rising to 95% in subsequent weeks.

The school was then able to welcome back all other year groups on the 22nd June 2020, following government advice. The focus was again on the children's mental health & wellbeing with the emphasis on socialisation activities, whilst also having access to a varied and fulfilling timetable of lessons. The children were put into cluster groups and appropriate social distancing rules were followed for a school setting. The uptake was also hugely successful and the returning attendance rate averaged 96%.

An emergency meeting of the Finance Development and Risk committee was called and all current year costs were reviewed and reduced where appropriate. Fees for 2020/21 were reviewed and the decision was taken to not increase them. Following the forced closure, some staff who were non-teaching staff (excluding core services) were put on Furlough leave as they were unable to perform their duties. All these cost savings were shown in the reduced forecast for 2019/20. This was followed by an Emergency Council meeting where the new forecast for 2019/20 and budget for 2020/21 were ratified.

While the school is now open in full during the autumn 2020 term, Covid-19 cases nationally are increasing once again and the school is following local and national guidance, relating to educational settings. Within the school itself, many teaching staff have been tested for Covid with negative results. To date one pupil has tested positive and the class has been told to isolate for two weeks. The online education proposition is fully prepared, and the school has invested in Microsoft Surface Pro devices for every teacher and this will ensure a seamless switch to home schooling if and when required by the Department of Education.

Going Concern

The Board of Trustees has reviewed The Vernon Educational Trusts activities, financial position and risk management policies together with factors likely to affect future development, including the impact of economic uncertainty on fee income. The financial impact of coronavirus was central to these assessments. Our trustees have concluded that, with agreed adjustments to our plans, which include incorporating social distancing measures and rescheduling or adapting programmes of work, and with ongoing financial risk management, it is reasonable to expect the Trust to have sufficient funds to be able to pay its staff, maintain the site and continue the ongoing operation of the school for the foreseeable future. The Trust also felt that the current levels of funds (£8.263m) and the continued surplus generation of £0.684m in 2019/20 was sufficient to meet these requirements. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements

Operational performance

As the Trust's major asset the School continues to be extremely successful. Demand for places remains healthy although there are several year groups in the pre-prep section of the school where numbers are lower than in previous years. Whilst children applying for places in Year 2 and above sit a basic assessment in literacy and numeracy, the school is essentially non selective and very much prides itself on its all-round ethos and tradition of producing well rounded, articulate and confident individuals who have a sense of purpose, zeal for life and determination to make the most of all that the School has to offer. The Independent Schools Inspectorate visited the school in January. The inspection findings proved to be the most successful in the history of the school.

The Covid-19 pandemic provided challenges to the school. During the enforced school closure, we had a full programme of online tuition via Microsoft Teams whereby all pupils received a full timetable of live teaching and learning. The whole school community rose to the challenge and the learning that took place was deemed to be outstanding. We were delighted to welcome back pupils in the pre-prep and year 6 for the final half of the summer term and the whole school returned for the last fortnight of the academic year.

The academic results attained at the end of the School year showed continued progress, with all students gaining entry to their first choice senior school and no less than 42 scholarships being awarded. Our leavers departed to a wide range of schools including ACS Cobham, Box Hill, Brighton College, Charterhouse, Colston, CLFS,

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

Cranleigh, Cranmore, Epsom College, Guildford High, Hampton, Halliford, King Edward's Witley Kingswood House, KCS Wimbledon, Lady Eleanor Holles, Lancing, Millfield, Prior's Field, Reed's, Reigate Grammar, RGS Guildford, Sir William Perkins, Sevenoaks, St John's, St Swithun's, St Teresa's, Tonbridge and Wellington.

Sport continues to be an integral part of the life of the School and pupils are encouraged to participate in a wide range of sports that include rugby, football, cricket, netball, hockey, cross-country, swimming, biathlon, athletics, golf, tennis, rounder's, squash, indoor rowing, skiing and even clay pigeon shooting. Our total sports area of 24 acres, including a full sized all weather surface pitch, continues to enhance sport further. We also look forward to using our new sports hall in November. Highlights include our U11 girls winning both the National IAPS and Surrey Schools Girls' Hockey Championships. The U12 netball team were IAPS Regional Cup Champions. Boys' highlights include the 1st football team winning the Surrey schools cup and the U13A rugby team remaining unbeaten all season. The senior boys' rugby tour to Belfast was also a great success and supported by over 40 parents.

Drama, music and art have continued to flourish and go from strength to strength, offering boys and girls a myriad of opportunities to develop their talents and potential outside the classroom. Over the year theatrical productions were staged including performing to the local elderly residents, together with boys and girls from state schools in the vicinity. Despite the challenges of Covid-19 the annual summer concert this year was performed virtually. A total of 135 pupils played at the House Music Competition and many of these performances were recorded for remote broadcast to parents. Both events were a resounding success and a testament to the strength of music throughout the School.

The philanthropic ethos of the school is very strong with three nominated charities benefitting from the energetic fundraising initiatives of the children. This academic year over £18,000 was raised for Combat Stress, Cherry Trees, Shooting Star House Children's Hospice, Wildlife Aid Foundation and The Children's Trust. The school also works with the local community in a variety of ways. Two examples include sharing resources and facilities with our local state primary school and collecting food for the local food bank at our Harvest Festival.

Throughout the year the School community continued to grow in strength; staff and children are very committed and the parent body, the Friends of Danes Hill, works tirelessly to fundraise for charity and also organise social events and occasions to strengthen the philanthropic ethos of the school and bring the Danes Hill community closer together.

Strategic report and financial review

The financial statements are prepared under the historical cost convention on the going concern basis and in accordance with applicable UK accounting standards. In preparing the financial statements, the Trust follows best practice as set out in the Charity SORP 2015 (FRS102) and complies with the Companies Act 2006. The Trust's principal accounting policies are set out in note 2 to the financial statements. The group financial statements consolidate the financial statements of the Trust and its wholly owned subsidiary undertakings on a line by line basis.

The results for the year for the Trust, is summarised as follows:

	2020	2019
	£'000	£'000
Surplus before depreciation	1,857	2,882
Depreciation of fixed assets	(1,173)	(1,152)
	<hr/>	<hr/>
Surplus after depreciation	684	1,730
	<hr/> <hr/>	<hr/> <hr/>

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

Reserves policy

Free reserves are maintained at an appropriate level, and are subject to a rolling review by FDR of its capital investment in new facilities and to potentially fund any recommendations made by the VET strategy committee whose purpose is to enable further ventures and activities that fulfil the overall mission objectives of VET. On this basis free reserves included in the charity's accounts are £4.87m (2019: £4.03m).

In its financial planning model, the governors have set aside a base minimum ground-floor level of funds of £5m (which is approx. 2 terms worth of working capital), and this is considered by the governors as protection to deal with unplanned events in the sector or wider macro economy.

Investments policy

In accordance with the Trust's treasury policy, short-term deposits are invested to fulfil the Trust's future capital expenditure objectives and to provide funds, which will generate income for educational awards.

The Trust has two dormant subsidiary companies. Details of these and their financial position at the year end are given in note 14 to the financial statements.

Risk management

The Council with assistance from the Finance Development & Risk Committee (FDR) has reviewed the principal areas of the Trust's operations and considered the major risks faced in each of these areas. In the opinion of the Council, the Trust has established resources and a review system which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operation. The school maintains a Risk Register which Council review regularly, in which key risks that have been identified include the following:

- **Effectiveness of safeguarding policies**, mitigated by weekly reviews by the SMT, the Welfare & Safeguarding sub-committee and by termly Council reviews
- **Effectiveness of the school's ability to deal with Covid-19 global health pandemic** mitigated by following specific guidance from / DFE / PHE / SCC / HSE, enhanced risk assessment regime, enhanced cleaning regime, provision of online teaching proposition, and by putting emergency plans in place to cover the absence of one or more senior members of the school leadership team. A Covid19 panel of school governors has been established to support the Headmaster to consider issues which might arise and, if necessary, contribute to making rapid crucial decisions.
- **Effectiveness of the School's academic proposition**, mitigated by weekly review by the SMT, the Education sub-committee, and by termly Council reviews
- **Ensuring the financial health and prosperity of the School**, to keep student numbers at levels that allow the School to invest in improving its buildings and facilities. This is managed by the financial controls, regular internal financial reviews and the FDR sub-committee, the Annual Budget Committee, and by full governing body.
- **Effectiveness of Governance & Management**, to include compliance with changing regulations as set out by the Charities Commission and Department of Education, mitigated by weekly SMT management meetings and by termly Council reviews.
- **Effectiveness of operations**, to include environmental considerations, such as traffic movement in and around the site, waste management and the development of the site. This is managed by the FDR sub-committee alongside daily interactions between onsite key staff.

THE VERNON EDUCATIONAL TRUST

ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT

YEAR ENDED 31 AUGUST 2020

Future plans

The plans for future periods include:

- To continue to support accessibility to the School for all pupils capable of engaging with the education at the School irrespective of the wealth of their parents. The bursary fund setup in 2018/19 is supporting this.
- To continue to stretch and challenge all pupils academically irrespective of their level of ability.
- To give children the chance to move on to a large and varied range of Senior schools.
- To continue to innovate the curriculum in a way that pupils can embrace and that deliver necessary life skills.
- To maintain pupil numbers at both school sites.
- To continue to provide and seize opportunities to engage with the community in a meaningful way and through this to ensure staff, parents and pupils have an appreciation of the world around them and the difference they can make.
- To continue to ensure financial stability.
- To retain high performing staff and provide them with developmental training.
- Although the Trust currently operates only one school the Council members are aware that the objects, as stated in the Memorandum of Association, permit a wider involvement in education. They have and will in the future consider opportunities when they arise.
- To continue to develop the site as and when required.

In order to achieve these, the following strategies are in place:

- Continued development of Danes Hill School's assets.
- To provide continuing support of pupils who will benefit from the School's education through scholarships and means tested bursaries.
- Dedicated staff resources aimed at providing support to both children who are underachieving and to scholars.
- Investment in the School's educational and social spaces to continue to provide an environment to attract high performing pupils.
- Continuation of existing work with the community and local state primary schools.
- Thorough induction of new members of Council and committee members.
- Continuation of strong control environment, cash flow forecasting and early liaison with banks and pension trustees to ensure funding is available when needed.

Responsibilities of the Council

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing these financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principals in the Charities SORP 2015 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

THE VERNON EDUCATIONAL TRUST
ANNUAL REPORT OF THE COUNCIL OF MANAGEMENT
YEAR ENDED 31 AUGUST 2020

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable it to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statements as to disclosure of information to auditors

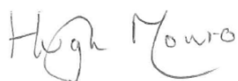
So far as each member of the Council is aware at the time the report is approved:

- there is no relevant audit information of which the charity's auditors are unaware, and
- Each member of the Council has taken all steps 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.

Auditors

Crowe U.K. LLP have signified their willingness to continue in office and will be deemed reappointed.

Approved by the Council (including in their capacity as company directors approving the Strategic Report contained therein) on 15/12/2020 and signed on its behalf by



A H Monro (Chairman)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VERNON EDUCATIONAL TRUST

Opinion

We have audited the financial statements of The Vernon Educational trust Limited for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows 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 group's and the charitable company's affairs as at 31 August 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VERNON EDUCATIONAL TRUST

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 our audit

- the information given in the Report of the Council, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Report of the Council have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Council.

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:

- the parent charitable company has not kept adequate accounting records; or
- the parent 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.

Responsibilities of the Council

As explained more fully in the Council's responsibilities statement set out on page 10, the Council Members (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 Council determines 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 Council is responsible for assessing the group's or 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 Council either intends 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VERNON EDUCATIONAL TRUST

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.

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.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

17 December 2020

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 Total funds £'000	2019 Total funds £'000
Income from:			
Charitable activities			
Education	3	14,085	15,869
Investments			
Investment income	4	56	78
Voluntary sources		2	36
Donations			
Other activities		309	28
Total income		<u>14,452</u>	<u>16,011</u>
Expenditure on:			
Raising funds:			
Fundraising and publicity	5	138	248
Charitable activities			
Education	6	13,630	14,033
Total expenditure	9	<u>13,768</u>	<u>14,281</u>
Net movement in funds for the year		684	1,730
Fund balances at 1 September	20	35,438	33,708
Fund balances at 31 August	20	<u><u>36,122</u></u>	<u><u>35,438</u></u>

The group's income and expenditure all relate to continuing operations.

All incoming resources in the current and prior year were unrestricted


There were no other gains or losses recognised in the year.

The notes on pages 19 to 38 form part of these financial statements.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	13	29,411	26,655
Investments	15a	5,000	5,037
Investment properties	15b	665	665
		<u>35,076</u>	<u>32,357</u>
Current assets			
Stock		16	13
Debtors	17	3,872	4,056
Cash at bank and in hand		999	1,633
Short term deposits	16	2,264	3,953
		<u>7,151</u>	<u>9,655</u>
Creditors – Amounts falling due within one year	18	<u>(5,813)</u>	<u>(6,261)</u>
Net current assets		1,338	3,394
Total assets less current liabilities		<u>36,414</u>	<u>35,751</u>
Creditors – Amounts falling due after more than one year	19	<u>(292)</u>	<u>(313)</u>
Net assets		<u>36,122</u>	<u>35,438</u>
The funds of the charity			
Unrestricted funds	20	<u>36,122</u>	<u>35,438</u>

Approved by the Council on 15/12/2020 and signed on its behalf by:



A H Monroe (Chairman)

Registered company number 01194206

The notes on pages 19 to 38 form part of these financial statements.

**THE VERNON EDUCATIONAL TRUST
CHARITY BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	13	29,164	26,398
Subsidiaries	14	-	-
Investments	15a	5,000	5,037
Investment properties	15b	665	665
		<u>34,829</u>	<u>32,100</u>
Current assets			
Stock		16	13
Debtors	17	3,875	4,060
Cash at bank and in hand		999	1,633
Short term deposits	16	2,264	3,953
		<u>7,154</u>	<u>9,659</u>
Creditors – Amounts falling due within one year	18	(5,826)	(6,275)
		<u>1,328</u>	<u>3,384</u>
Net current assets			
		<u>36,157</u>	<u>35,484</u>
Total assets less current liabilities			
		(292)	(313)
Creditors – Amounts falling due after more than one year	19		
		<u>35,865</u>	<u>35,171</u>
Net assets			
The funds of the charity			
Unrestricted funds	22	<u>35,865</u>	<u>35,171</u>

Approved by the Council on 15/07/2020 and signed on its behalf by:

The net result for the financial year dealt with in the financial statements of the parent charity was a surplus of £0.7m (2019 – surplus £1.7m)



A H Monroe (Chairman)

Registered company number 01194206

The notes on pages 19 to 38 form part of these financial statements.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities	24	1,514	2,979
Cash flows from investing activities			
Interest received	56	78	
Payments to acquire tangible fixed assets	(3,930)	(1,342)	
Proceeds from sale of tangible fixed assets	-	8	
Payments to acquire investment property	-	(20)	
Net cash outflow from investing activities		(3,874)	(1,276)
Cash flows from financing activities			
(Repayment)/Increase of borrowing	-	-	
Net cash outflow from financing activities		-	-
Change in cash and cash equivalents in the reporting period		(2,360)	1,703
Cash and cash equivalents at the beginning of the reporting period		10,623	8,920
Cash and cash equivalents at the end of the reporting period		8,263	10,623
Analysis of net cash			
	At 1 September 2019 £'000	Cash flow £'000	At 31 August 2020 £'000
Cash at bank and in hand	1,633	(634)	999
Long term deposits	5,037	(37)	5,000
Short term deposits	3,953	(1,689)	2,264
	<u>10,623</u>	<u>(2,360)</u>	<u>8,263</u>

The notes on pages 19 to 38 form part of these financial statements.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Charitable status and taxation

The company (herein referred to as “the Trust”) is limited by guarantee and does not have a share capital. The Trust is not subject to taxation on its charitable activities, although it bears the cost of value added tax on purchases. The income of the Trust is exempt from VAT. The school is a Public Benefit Entity registered as a charity in England and Wales (charity number: 269433). The address of the registered office is: -

Danes Hill School
Leatherhead Road
Oxshott
Surrey
KT22 0JG

2 Principal accounting policies

2.1 Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

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 accounts are drawn up on the historical cost basis of accounting, modified to include certain items at fair value.

2.2 Going concern

As detailed in the financial commentary in the Trustees’ Annual Report the trustees, having reviewed the charity’s activities and financial position, consider the going concern basis of accounting to be appropriate. This judgement was made in light of a reforecast centred on the a number of scenarios around the financial impact of coronavirus revising our plans and putting a contingency framework in place to manage potential future uncertainty on the longer term financial impacts of the pandemic.

The level of funds currently held and the surplus in the current year demonstrated the Trust’s ability to absorb the initial financial impact of covid-19. The level of reserves and budgeted future surpluses provide sufficient headroom for the Trustees to be confident of absorbing the impact of any possible future challenges.

2.3 Basis of preparation of group financial statements

The group financial statements consolidate the financial statements of the Trust and its wholly owned subsidiary undertakings on a line by line basis. In accordance with the exemption allowed under Section 408 of the Companies Act 2006, the Trust’s Statement of Financial Activities is not separately presented. Certain balance sheet items have been restated to be comparable with current year presentation, this has not impacted net assets or net current assets.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2 Principal accounting policies (continued)

2.4 Critical accounting Judgements and key sources of estimation uncertainty

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

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

In the view of the trustees, 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.

2.5 Income

Income is recognised in the period in which the charitable group is entitled to receipt, the amount can be measured reliably and the economic benefit to the School is considered probable. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it.

Tuition and registration fees are accounted for when receivable and when the economic benefit to the School is considered probable.

Fees for extracurricular activities represent fees charged to parents for activities not forming part of the tuition fees and are accounted for on a receivable basis. Donations are accounted for as and when they become known and when the economic benefit to the School is considered probable.

Amounts received under the school's Advance Fee Scheme contracts for education not yet utilised to settle school fees are recorded as deferred income and allocated as current liabilities where the education will be provided within 12 months from the reporting date and as long-term liabilities where the education will be provided in subsequent years.

2.6 Expenditure and basis of allocation of costs

Expenditure is included when incurred, inclusive of VAT.

The majority of costs are directly attributable to direct charitable expenditure, being the provision of education. Certain costs are apportioned between direct charitable expenditure and support costs are based on the proportion of floor area occupied by each activity.

2.7 School buildings and equipment

Capitalisation and replacement

The freehold and leasehold land and buildings at Oxshott were professionally revalued by FPD Savills, Chartered Surveyors, in 1997 at £1,775,000. The Trust is responsible for keeping the buildings in good condition, and these costs are written off as incurred.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2 Principal accounting policies (continued)

Building improvements and extensions subsequent to the valuation costing more than £5,000, together with furniture and fittings costing more than £500, are capitalised and carried in the balance sheet at historical cost.

2.8 Depreciation

Depreciation is calculated to write off the cost of depreciable fixed assets in equal instalments over their estimated useful lives. The estimated useful lives are as follows: -

Freehold property	50 years
Short leasehold property and improvements	The unexpired term of the lease
Leasehold property improvements	50 years
Motor vehicles	4 years
Computers	3 years
Furniture, fixtures and fittings	10 years or the unexpired term of the lease
Temporary buildings	5 years (residual value considered to be 20% of cost)

2.9 Operating leases

As lessee: Rental payable under operating leases are charged in equal instalments over the term of the lease. As lessor: Assets held for use in operating leases are included in fixed assets and depreciated over their useful life. Rental income from operating leases is recognised in equal instalments over the term of the lease.

2.10 Unrestricted funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust. Designated funds are unrestricted funds of the Trust which the trustees have decided at their discretion to set aside for a specific purpose.

2.11 Investments

Investments properties held as fixed assets are stated at market value. Investments in subsidiaries are valued at cost less provision for impairment.

Cash on deposit which is not needed for working capital within the forthcoming year is shown under investments. The comparative figures have been restated to reflect this. Investments are held at fair value at the Balance Sheet date.

2.12 Pension costs

Contributions payable to the Teachers' Pension Agency and personal pension schemes for staff are charged to the Statement of Financial Activities in the period to which they relate.

2.13 Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost 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

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

as working capital. Financial liabilities held at amortised cost comprise bank loans, trade creditors, other creditors, accruals and deposits.

3. Incoming resources from charitable activities

	2020	2019
	£'000	£'000
Tuition	14,874	15,796
Fees for extracurricular activities	475	1,158
Less: Total bursaries and discounts	(1,264)	(1,085)
	<u>14,085</u>	<u>15,869</u>

4. Investment income

	2020	2019
	£'000	£'000
Bank interest receivable	56	78

5. Fundraising and publicity

	2020	2019
	£'000	£'000
Public relations	45	76
Advertising and publicity	93	172
	<u>138</u>	<u>248</u>

6. Education costs

	Direct	Support	2020	2019
	£'000	£'000	Total	Total
			£'000	£'000
Education:				
Teaching costs	7,302	-	7,302	6,861
Premises costs	1,084	-	1,084	1,143
Catering	-	700	700	1,027
Course materials	849	-	849	1,163
Legal and professional	246	-	246	316
Depreciation	927	246	1,173	1,152
Interest payable	-	5	5	11
Support salaries	-	1,243	1,243	1,213
Loss on Revaluation of Property	-	-	-	71
Other	-	1,028	1,028	1,076
	<u>10,408</u>	<u>3,222</u>	<u>13,630</u>	<u>14,033</u>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7 Support costs

	Education	Governance (Note 8)	Total 2020	Total 2019
	£'000	£'000	£'000	£'000
Staff costs	1,220	23	1,243	1,213
Interest payable	5	-	5	11
Depreciation	246	-	246	244
Catering	700	-	700	1,027
Other	1,003	25	1,028	1,147
	<u>3,174</u>	<u>48</u>	<u>3,222</u>	<u>3,642</u>

8 Governance

	2020 £'000	2019 £'000
Audit	25	25
Staff costs	23	25
	<u>48</u>	<u>50</u>

9 Total resources expended – Group

	Staff costs £'000	Depreciation £'000	Other costs £'000	Total 2020 £'000	Total 2019 £'000
Education	8,545	1,173	3,912	13,630	14,033
Fundraising and publicity	-	-	138	138	248
	<u>8,545</u>	<u>1,173</u>	<u>4,050</u>	<u>13,768</u>	<u>14,281</u>

Other costs include the following expenses:

	2020 £'000	2019 £'000
Hire of plant and machinery - operating leases	73	65
Rent payable	53	53
Auditor's remuneration		
- Audit	25	25
(Loss) on disposal of fixed assets	-	(39)

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10 Interest payable and similar charges

	2020 £'000	2019 £'000
On bank loans and overdrafts	5	11
	<u> </u>	<u> </u>

11 Emoluments of Council members

None of the council members received any remuneration or received any other benefits from employment with the trust.

Nine (2019: Five) Trustees incurred expenses of £11,881 (2019: £14,596) during the year relating to travel and subsistence.

12 Staff costs

	2020 Number	2019 Number
The average headcount of persons employed during the year was as follows:		
Teaching staff	143	143
Senior management	4	4
Ancillary staff	20	24
	<u> </u>	<u> </u>
	167	171
	<u> </u>	<u> </u>
Employment costs included in ordinary activities:		
	2020	2019
	£'000	£'000
Wages and salaries	6,479	6,402
Social security costs	711	695
Other pension costs	1,287	927
Other employment costs	68	50
	<u> </u>	<u> </u>
Total employment costs	8,545	8,074
	<u> </u>	<u> </u>

The total remuneration (including employer pension and national insurance contributions) paid to key management personnel was £1.405m (2019: £1.457m). Key management are considered to be the Senior Management Team

During the year there were redundancy payments made which amounted to £10,624. These were all paid within the year ending 31st August 2020. They all relate to positions which were untenable due to the increased restrictions around Covid-19.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12 Staff costs (continued)

The number of employees who received emoluments in the following ranges were:

	2020	2019
	Number	Number
£220,001 - £230,000	1	1
£190,001 - £200,000	-	1
£170,001 - £180,000	1	-
£120,001 - £130,000	-	2
£110,001 - £120,000	1	-
£100,001 - £110,000	1	-
£90,001 - £100,000	-	-
£80,001 - £90,000	2	1
£70,001 - £80,000	1	3
£60,001 - £70,000	7	4

Pension contributions paid in respect of these employees totalled £0.286m (2019: £0.183m).

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

Group	Freehold property £'000	Leasehold £'000	Assets in Construction £'000	Motor vehicles £'000	Computers £'000	Fixtures and fittings £'000	Total £'000
At cost or valuation							
1 Sep 2019	3,031	26,872	666	620	1,647	3,073	35,909
Additions	-	197	3,267	26	133	307	3,930
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(298)	0	(298)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Aug 2020	<u>3,031</u>	<u>27,069</u>	<u>3,933</u>	<u>646</u>	<u>1,482</u>	<u>3,380</u>	<u>39,541</u>
Depreciation							
1 Sep 2019	813	4,902	-	468	1,337	1,734	9,254
Charge for the year	61	633	-	73	175	232	1,174
Released on disposal	-	-	-	-	(298)	-	(298)
	<u>874</u>	<u>5,535</u>	<u>-</u>	<u>541</u>	<u>1,214</u>	<u>1,966</u>	<u>10,130</u>
31 Aug 2020	<u>874</u>	<u>5,535</u>	<u>-</u>	<u>541</u>	<u>1,214</u>	<u>1,966</u>	<u>10,130</u>
Net book values							
31 Aug 2020	<u>2,157</u>	<u>21,534</u>	<u>3,933</u>	<u>105</u>	<u>268</u>	<u>1,414</u>	<u>29,411</u>
31 Aug 2019	<u>2,218</u>	<u>21,970</u>	<u>666</u>	<u>152</u>	<u>310</u>	<u>1,339</u>	<u>26,655</u>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets (continued)

	Freehold property £'000	Leasehold £'000	Assets in Construction £'000	Motor vehicles £'000	Computers £'000	Fixtures and fittings £'000	Total £'000
Charity							
At cost or valuation							
1 Sep 2019	3,031	26,408	666	620	1,647	2,976.00	35,348
Additions	-	197	3,267	26	133	306	3,929
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(298)	-	(298)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Aug 2020	<u>3,031</u>	<u>26,605</u>	<u>3,933</u>	<u>646</u>	<u>1,482</u>	<u>3,282</u>	<u>38,979</u>
Depreciation							
1 Sep 2019	813	4,695	-	468	1,337	1,637	8,950
Charge for the year	61	622	-	73	175	232	1,163
Released on disposal	-	-	-	-	(298)	-	(298)
	<u>874</u>	<u>5,317</u>	<u>-</u>	<u>541</u>	<u>1,214</u>	<u>1,869</u>	<u>9,815</u>
31 Aug 2020	<u>874</u>	<u>5,317</u>	<u>-</u>	<u>541</u>	<u>1,214</u>	<u>1,869</u>	<u>9,815</u>
Net book values							
31 Aug 2020	<u>2,157</u>	<u>21,288</u>	<u>3,933</u>	<u>105</u>	<u>268</u>	<u>1,413</u>	<u>29,164</u>
31 Aug 2019	<u>2,218</u>	<u>21,713</u>	<u>666</u>	<u>152</u>	<u>310</u>	<u>1,339</u>	<u>26,398</u>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14 Investments - Subsidiaries

Charity	Subsidiary companies		
	Shares in Danes Hill Trading Limited £'000	Loans to Brinlay Limited £'000	Total £'000
Cost			
Balance at 1 September 2019 and 31 August 2020	671	786	1,457
Provision for diminution at 1 September 2019	671	786	1,427
Provision Increase	-	-	-
Provision for diminution at 31 August 2020	671	786	1,457
Net book values			
At 31 August 2020	-	-	-
At 31 August 2019	-	-	-

The Trust is looking to wind up these entities. There was no trading during the year in either entity.

The above investments are unlisted.

The loans to the subsidiary are interest free and repayable on demand.

Additional information on subsidiary undertakings

Name	Country of incorporation and number	Class of shares held	Percentage of shares held by: Parent	Nature of business
Danes Hill Trading Limited	UK (2811263)	Ordinary	100%	Property management
Brinlay Limited	UK (3272128)	Ordinary	100%	Property management
Danes Hill Trading Limited Danes Hill School Leatherhead Road Oxshott Surrey KT22 0JG		Brinlay Limited Danes Hill School Leatherhead Road Oxshott Surrey KT22 0JG		

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15a Investments

	Group		Charity	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
Term Deposits	5,000	5,037	5,000	5,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15b Investment properties

	Group		Charity	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
Investment properties	665	665	665	665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The property was revalued in 2019 to market rate.

16 Short term deposits

	Group		Charity	
	2020	2019	2020	2019
	£000's	£000's	£000's	£'000
Short term deposits	2,264	3,953	2,264	3,953
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	3,544	3,770	3,544	3,770
Amounts owed by group companies	-	-	4	4
Other debtors	164	155	164	155
Prepayments and accrued income	163	131	163	131
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,871	4,056	3,875	4,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Trade debtors include £3.586m (2019: £3.713) for fees invoiced in July/August for the following academic year.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18 Creditors – Amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	152	167	152	167
Amount due to group undertaking	-	-	21	21
Social security costs	399	211	399	211
Other creditors	241	86	234	79
Accruals	593	816	593	816
Fee invoiced in advance	4,074	4,548	4,074	4,548
Fees paid in advance	-	70	-	70
Deposits	353	363	353	363
	<u>5,812</u>	<u>6,261</u>	<u>5,826</u>	<u>6,275</u>

The Council have reviewed the contract terms under which deposits are held by the school. Although under normal circumstances these will be repaid over future years when the pupils complete their education at the school, pupils can leave at earlier dates. The school does not therefore have an unconditional right to retain the individual deposits for at least 12 months after the balance sheet date and, in line with the requirements in FRS 102, the balance of the deposits held at 31 August 2020 have been included within current liabilities. The prior year deposits balance has been similarly represented

The total amount held in relation to deposits of £0.353m is included above. In the normal course of business the expected repayment of these amounts will be £0.047m within one year and £0.306m after more than one year.

The fees in advance relate to invoices raised in July and August that are due in September, which is the new financial year.

Fees Invoiced in Advance	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
B/Fwd 1 st September	4,548	4,870	4,548	4,870
Released in year	(4,548)	(4,870)	(4,548)	(4,870)
Raised in year	4,074	4,548	4,074	4,548
	<u>4,074</u>	<u>4,548</u>	<u>4,074</u>	<u>4,548</u>
C/Fwd 31 st August	<u>4,074</u>	<u>4,548</u>	<u>4,074</u>	<u>4,548</u>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19 Creditors – Amounts falling due after more than one year

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Defined benefit pension deficit funding liability	292	313	292	313
	<u>292</u>	<u>313</u>	<u>292</u>	<u>313</u>

This refers to TPT Retirement Solutions - Independent Schools' Pension Scheme.

20 Analysis of charitable funds - Group

Analysis of movements in unrestricted funds

	Balance			Gains /		Funds
	01/09/2019	Income	Expenditure	(losses)	Transfer	31/08/2020
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	4,034	14,452	(13,768)	-	156	4,874
Total General Funds	4,034	14,452	(13,768)	-	156	4,874
Designated Funds						
Fixed Asset Fund	27,320	-	-	-	2,756	30,076
Sport Centre Fund	3,748	-	-	-	(2,996)	752
The Vernon Award (Bursary Fund)	336	-	-	-	84	420
Total Designated Funds	31,404	-	-	-	(156)	31,248
Total Unrestricted Funds	35,438	14,452	(13,768)	-	-	36,122

General fund: The 'free reserves' after allowing for all designated funds.

Designated funds: As agreed by Council, £4.5 million has been designated for the Sports Centre. This includes all professional fees, build and furnish costs. This should be completed during 2020/21 and the remaining fund represents the outstanding costs at 31st August 2020. A bursary fund has been setup and £0.420m is in the fund at 31st August 2020, this will be used over the next 6 years until 2025/26.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21 Analysis of group net assets between funds - Group

	General Fund	Designated Funds	Total
	£000's	£000's	£000's
Tangible fixed assets (incl. property)		31,248	31,248
Investments	5,000	-	5,000
Cash at bank and in hand	999	-	999
Other net current assets/(liabilities)	(833)	-	(833)
Creditors of more than one year	(292)	-	(292)
	<u>4,874</u>	<u>31,248</u>	<u>36,122</u>

22 Unrestricted funds

Charity	General Funds 2020 £'000	General Funds 2019 £'000
Balance brought forward 1 September	35,171	33,433
Surplus for the year	<u>694</u>	<u>1,738</u>
Balance carried forward 31 August	<u>35,865</u>	<u>35,171</u>

23 Financial instruments note

	2020 £'000	2019 £'000
Financial assets measured at amortised cost (a)	7,040	9,477
Financial assets held at fair value include assets held as investments (b)	5,665	5,702
Financial liabilities measured at amortised cost (c)	(1,340)	(1,479)
	<u>11,365</u>	<u>13,700</u>
Net financial assets measured at amortised cost		

(a) Financial assets include cash, deposits, trade and fee debtors, staff loans, other debtors and accrued income

(b) Financial assets held at fair value include assets held as investments

(c) Financial liabilities include bank loans, deposits, accruals, trade creditors, and other creditors

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

24 Notes to the statement of cash flows

	2020	2019
	£'000	£'000
i. Reconciliation of operating surplus to operating cash flows		
Net movement from operating activities	684	1,730
Revaluation of Property	0	71
Investment income	(56)	(78)
Depreciation charges	1,174	1,152
Loss on disposal of assets	0	39
Decrease in debtors	185	229
(Increase)/ Decrease in stock	(3)	5
(Decrease) in creditors	(470)	(169)
Net cash inflow from operating activities	1,514	2,979

25 Pension arrangements

During the year, the Trust paid a total of £1.308m (2019: £0.922m) on behalf of its employees into 3 pension schemes as follows:

Teachers' Pension - £1.057m

Pension Trust - £0.157m

Royal London - £0.094m

The TPT Pension deficit was also revalued downwards in the year by (£0.021)m.

The TPT

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,057,116 (2019: £702,539).

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

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

Independent Schools' Pension Scheme

FOR THE PERIOD ENDING 31 August 2020

COMPANY: Vernon Educational Trust Limited

SCHEME: TPT Retirement Solutions – Independent Schools' Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 66 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017. This actuarial valuation was certified on 27 December 2018 and showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 September 2019 to 30 April 2030:	£2,387,357 per annum (payable monthly and increasing by 3% on each 1 st September)
---	--

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £110.0m, liabilities of £147.4m and a deficit of £37.4m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 September 2016 to 31 August 2029:	£2,341,000 per annum (payable monthly and increasing by 3% on each 1 st September)
--	--

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

PRESENT VALUES OF PROVISION

	31 August 2020 (£s)	31 August 2019 (£s)	31 August 2018 (£s)
Present value of provision	292,386	313,168	308,227

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 August 2020 (£s)	Period Ending 31 August 2019 (£s)
Provision at start of period	313,168	308,227
Unwinding of the discount factor (interest expense)	3,285	5,779
Deficit contribution paid	(26,915)	(26,858)
Remeasurements - impact of any change in assumptions	2,848	14,071
Remeasurements - amendments to the contribution schedule	-	11,949
Provision at end of period	292,386	313,168

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 August 2020 (£s)	Period Ending 31 August 2019 (£s)
Interest expense	3,285	5,779
Remeasurements – impact of any change in assumptions	2,848	14,071
Remeasurements – amendments to the contribution schedule	-	11,949
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 August 2020 % per annum	31 August 2019 % per annum	31 August 2018 % per annum
Rate of discount	0.90	1.10	1.96

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

FRS 102 - SECTION 28

ADDITIONAL INFORMATION

FOR THE PERIOD ENDING 31 August 2020

COMPANY: Vernon Educational Trust Limited

SCHEME: TPT Retirement Solutions - Independent Schools' Pension Scheme

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 August 2020 (£s)	31 August 2019 (£s)	31 August 2018 (£s)
Year 1	27,722	26,915	26,858
Year 2	28,554	27,722	27,664
Year 3	29,410	28,554	28,494
Year 4	30,293	29,410	29,349
Year 5	31,201	30,293	30,229
Year 6	32,137	31,201	31,136
Year 7	33,101	32,137	32,070
Year 8	34,095	33,101	33,032
Year 9	35,117	34,095	34,023
Year 10	24,114	35,117	35,044
Year 11	-	24,114	36,095
Year 12	-	-	-
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

26 Operating Leases

At 31 August 2020 the group had the following commitments under non-cancellable operating leases:

	Land and buildings		Other assets	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	35	35	73	73
Between 1 and 2 years	35	35	73	35
Between 2 and 5 years	105	105	94	81
After 5 years	<u>2,940</u>	<u>2,975</u>	<u>-</u>	<u>-</u>

27 Capital Commitments

As at 31 August 2020 the Group had capital commitments for the construction works on the capital development programme totalling £0.6m (2019: £3.1m).

28 Indemnity insurance

The Trust purchased insurance for the Council Members during the year to indemnify them against any liabilities arising as a result of negligence on the charity's behalf.

29 Related Party Transactions

There are no related party transactions that require disclosure.