

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 2021

THE VERNON EDUCATIONAL TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS

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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) (resigned 31 December 2021)	.			.	.
Ms C Cornish* (appointed 11 November 2021)					
Dr A Fairbank			.		.
Mr I M Hunt
Mrs A Hutchinson		.			
Ms T Ingles*	.				
Mr T Jones	.		.	.	
Mr A J Lunn	.			.	
Mr J A McLaren					
Ms P Mills (resigned 2 March 2022)	.				
Dr H F Patel			.		
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 a pupil 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.

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OFFICERS (currently and throughout the year)

C R M Andrews

Acting Head

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 2021

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 2021. 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 2020 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. 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, the Head and Bursar. Appropriate external training on governance, safeguarding 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 Head and the Bursar in accordance with the delegated powers protocol. Remuneration is set by Council, with the policy objective of providing appropriate incentives to encourage enhanced performance and of rewarding fairly and responsibly individual contributions to the school's success.

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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.

The governing body undertook a skills audit of each of the trustees, and this has highlighted areas of expertise where the governing body requires potential representation at board level. This information is available for the nominations committee to use.

In addition, following its adoption of the new governance code, 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 nursery provision, 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.

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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 financial 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.

Public Benefit

The trust is proud of its contribution towards public benefit and can 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.

Education

The school educates approximately 720 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 £749,873 (2020: £ 748,893) which is equal to 5.2% (2020: 5.1%) 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 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.

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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.

The school raised over £14,000 for a wide range of charities including All for Kids, Shine, The Children's Trust, Oasis Childcare and Young Minds.

The school was unable to support the local scout group this year due to Covid restrictions, however this will continue in 2021/22, assuming restrictions allow for it.

Wider community benefit

The school was able to stay open for keyworkers during lockdown, which allowed key staff to continue to work during the challenging times society faced. They were offered full wrap around care and the children were fully catered for.

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 offered advertising space to local businesses in the weekly newsletter for free.

Achievements and performance

During the year ending 31st August 2021 the 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 4th January 2021, save for the provision of key workers' children. Experience of the school closure during the previous year meant the school was able to switch seamlessly to a full online provision.

As a result of this closure, the budget committee which met on January 14th made a decision to review costs, staff numbers and income for the following year. Costs were reduced in line with a potential reduction in student numbers. For the current year all other discretionary costs were contained, powered-down to zero, or deferred.

All safeguarding policies, staff code of conduct policies, and cyber-safety policies and risk assessments were again reviewed and updated, where appropriate. Full timetables were given to the children containing the enrichment of the extended education they would normally receive at Danes Hill School.

On the 8th March 2021 the school was able to welcome back all children following the government's decision to reopen schools. Those in years 7 and 8 wore face masks around school and there was no year group mixing. A full timetable was given to all children and allowances were made where appropriate.

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 adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis of accounting continues to be adopted in preparing the financial statements

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Operational performance

Following the death of the Head, Mr William Murdock, in February 2021, a transitional senior management team was immediately established. A new Head has been appointed - Mrs Maxine Shaw, an experienced Head from St Pauls junior school in Barnes, London and she will take up the leadership of the school in September 2022.

Danes Hill School continues to be extremely successful and the school continues to be the major asset of the Vernon Educational Trust. Demand for places remains healthy although there are several year groups in the pre-prep and lower 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 Covid-19 pandemic provided challenges to the school. During the enforced school closure in January, 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 and the whole school returned for the last three weeks of the spring term and the rest of the academic year. The school was able to celebrate a sports Day and four prize giving events at the end of the summer term.

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 49 scholarships being awarded. Our leavers departed to a wide range of schools including ACS Cobham, Box Hill, Brighton College, Charterhouse, CLFS, Cranleigh, Cranmore, Epsom College, Guildford High, Hampton, Halliford, King Edward's Witley Kingswood House, Lady Eleanor Holles, Prior's Field, Reed's, Reigate Grammar, RGS Guildford, Sir William Perkins, Sevenoaks, St John'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, rounders, squash, indoor rowing, skiing and target shooting. Our total sports area of 24 acres, including a full sized all weather surface pitch, continues to enhance sport further. The sports hall opened in November and pupils have enjoyed playing many extra sports including basketball, badminton and using the state of the art climbing wall and indoor cricket nets. Sporting highlights include our U11 girls winning the National IAPS football Championships. Our U13 girls won the IAPS hockey plate and our U11 team won the IAPS regional championships. The school has hosted IAPS football championships for boys and the Surrey boys football Championships for the third year in a row.

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. Despite the challenges of Covid-19 the annual summer concert this year was performed virtually. We currently have 250 pupils playing musical instruments and a total of 135 pupils played at the House Music Competition and we were delighted to welcome audiences back on site for these events with strict COVID precautions in place. With Covid restrictions easing in the Christmas term we have been able to welcome back the orchestra, smaller ensembles and choirs across 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 £14,000 was raised for various charities. 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

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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:

	2021	2020
	£'000	£'000
Surplus before depreciation	2,091	1,857
Depreciation of fixed assets	(1,332)	(1,173)
	<hr/>	<hr/>
Surplus after depreciation	759	684
	<hr/> <hr/>	<hr/> <hr/>

Reserves policy

Council's policy is to achieve Free Reserves sufficient to avoid the school having to utilise its overdraft facilities in the normal course of its activities.

The Trust had total unrestricted reserves of £36.9m (2020: £36.1m) at the year-end. Free Reserves are calculated as unrestricted funds, less amounts invested in tangible fixed assets and designated funds plus any loans taken to procure fixed assets. On this basis free reserves included in the charity's accounts are £6.09m (2020: £4.87m), which are being held in line with the current review of the site masterplan.

The Trust's policy is to ring-fence one term's worth of operating expenditure, approximately £5m, as working capital reserves. The level of free reserves held are a little higher than in this policy. However, in view of the uncertainty within the sector the Governors are satisfied with this level.

Investment 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 subsidiary companies. Details of these and their financial performance for the year 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:

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- **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 Covid-19 panel of school governors has been established to support the Head 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.

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. A bursary fund has been setup to this effect.
- 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 delivers 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.

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- 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 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 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 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 10th March 2022 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 Ltd ('the charitable company') and its subsidiaries ('the group') for the year ended 31 August 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated cashflow statement and notes to the financial statements, including 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 2021 and of the group's 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

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

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

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

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. 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

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

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report 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 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 trustees' 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 and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

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

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014,

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the potential override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Development & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

18 March 2022

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 Total funds £'000	2020 Total funds £'000
Income from:			
Charitable activities			
Education	3	13,774	14,085
Investments			
Investment income	4	35	56
Voluntary sources			
Donations		-	2
Other activities		109	309
Total income		<u>13,918</u>	<u>14,452</u>
Expenditure on:			
Raising funds:			
Fundraising and publicity	5	53	138
Charitable activities			
Education	6	13,106	13,630
Total expenditure	9	<u>13,159</u>	<u>13,768</u>
Net movement in funds for the year		759	684
Fund balances at 1 September	20	36,122	35,438
Fund balances at 31 August	20	<u><u>36,881</u></u>	<u><u>36,122</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 18 to 37 form part of these financial statements.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000	£'000	2020 £'000	£'000
Fixed assets					
Tangible assets	13		29,622		29,411
Investments	15a		5,000		5,000
Investment properties	15b		665		665
			<u>35,287</u>		<u>35,076</u>
Current assets					
Stock		20		16	
Debtors	17	3,830		3,872	
Cash at bank and in hand		1,406		999	
Short term deposits	16	1,836		2,264	
		<u>7,092</u>		<u>7,151</u>	
Creditors – Amounts falling due within one year	18	(5,233)		(5,813)	
Net current assets			<u>1,859</u>		<u>1,338</u>
Total assets less current liabilities			<u>37,146</u>		<u>36,414</u>
Creditors – Amounts falling due after more than one year	19		(265)		(292)
Net assets			<u>36,881</u>		<u>36,122</u>
The funds of the charity					
Unrestricted funds	20		<u>36,881</u>		<u>36,122</u>

Approved by the Council on 10th March 2022 and signed on its behalf by:



A H Monroe (Chairman)

Registered company number 01194206

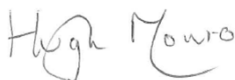
The notes on pages 18 to 37 form part of these financial statements.

**THE VERNON EDUCATIONAL TRUST
CHARITY BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £'000	£'000	2020 £'000	£'000
Fixed assets					
Tangible assets	13		29,385		29,164
Subsidiaries	14		-		-
Investments	15a		5,000		5,000
Investment properties	15b		665		665
			<u>35,050</u>		<u>34,829</u>
Current assets					
Stock			20		16
Debtors	17		3,833		3,875
Cash at bank and in hand			1,406		999
Short term deposits	16		1,836		2,264
			<u>7,095</u>		<u>7,154</u>
Creditors – Amounts falling due within one year	18		(5,246)		(5,826)
			<u>1,849</u>		<u>1,328</u>
Net current assets					
Total assets less current liabilities			<u>36,899</u>		<u>36,157</u>
Creditors – Amounts falling due after more than one year	19		(265)		(292)
Net assets			<u>36,634</u>		<u>35,865</u>
The funds of the charity					
Unrestricted funds	22		<u>36,634</u>		<u>35,865</u>

Approved by the Council on 10th March 2022 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 £0.8m (2020 – surplus £0.7m)



A H Monroe (Chairman)

Registered company number 01194206

The notes on pages 18 to 37 form part of these financial statements.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities	24	1,484	1,514
Cash flows from investing activities			
Interest received	35	56	
Payments to acquire tangible fixed assets		<u>(1,540)</u>	<u>(3,930)</u>
Net cash outflow from investing activities		<u>(1,505)</u>	<u>(3,874)</u>
Change in cash and cash equivalents in the reporting period		<u>(21)</u>	<u>(2,360)</u>
Cash and cash equivalents at the beginning of the reporting period		8,263	10,623
Cash and cash equivalents at the end of the reporting period		<u>8,242</u>	<u>8,263</u>
Analysis of net cash			
	At 1 September 2020 £'000	Cash flow £'000	At 31 August 2021 £'000
Cash at bank and in hand	999	407	1,406
Long term deposits	5,000	-	5,000
Short term deposits	2,264	(428)	1,836
	<u>8,263</u>	<u>(21)</u>	<u>8,242</u>

The notes on pages 18 to 37 form part of these financial statements.

THE VERNON EDUCATIONAL TRUST

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

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 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.

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.

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 VERNON EDUCATIONAL TRUST

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

2 Principal accounting policies (continued)

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. A small amount of support costs are reallocated to governance costs, based on % of time.

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.

Building improvements and extensions subsequent to the valuation costing more than £5,000, together with furniture and fittings, motor vehicles and computers costing more than £1,000, are capitalised and carried in the balance sheet at historical cost.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

2 Principal accounting policies (continued)

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

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

3. Incoming resources from charitable activities

	2021	2020
	£'000	£'000
Tuition	14,549	14,874
Fees for extracurricular activities	504	475
Less: Total bursaries and discounts	(1,279)	(1,264)
	<u>13,774</u>	<u>14,085</u>

4. Investment income

	2021	2020
	£'000	£'000
Bank interest receivable	35	56
	<u>35</u>	<u>56</u>

5. Fundraising and publicity

	2021	2020
	£'000	£'000
Public relations	(2)	45
Advertising and publicity	55	93
	<u>53</u>	<u>138</u>

6. Education costs - Group

	Direct	Support	2021	2020
	£'000	£'000	Total	Total
			£'000	£'000
Education:				
Teaching costs	6,419	-	6,419	7,302
Premises costs	1,551	-	1,551	1,084
Catering	-	697	697	700
Course materials	536	-	536	849
Legal and professional	333	-	333	246
Depreciation	1,030	302	1,332	1,173
Interest payable	-	16	16	5
Support salaries	-	1,039	1,039	1,243
Other	-	1,183	1,183	1,028
	<u>9,869</u>	<u>3,237</u>	<u>13,106</u>	<u>13,630</u>

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

7 Support costs

	Education	Governance	Total	Total
		(Note 8)	2021	2020
	£'000	£'000	£'000	£'000
Staff costs	1,018	21	1,039	1,243
Interest payable	16	-	16	5
Depreciation	302	-	302	246
Catering	697	-	697	700
Other	1,151	32	1,183	1,028
	<u>3,184</u>	<u>53</u>	<u>3,237</u>	<u>3,222</u>

8 Governance

	2021	2020
	£'000	£'000
Audit	29	28
Other non-audit Costs	3	-
Staff costs	21	20
	<u>53</u>	<u>48</u>

(prior year adjustment between Audit and Staff costs)

9 Total resources expended – Group

	Staff costs	Depreciation	Other costs	Total	Total
	£'000	£'000	£'000	2021	2020
				£'000	£'000
Education	7,458	1,332	4,316	13,106	13,630
Fundraising and publicity	-	-	53	53	138
	<u>7,458</u>	<u>1,332</u>	<u>4,369</u>	<u>13,159</u>	<u>13,768</u>

Other costs include the following expenses:

	2021	2020
	£'000	£'000
Hire of plant and machinery - operating leases	73	73
Rent payable	46	53
Auditor's remuneration		
- Audit	29	28
	<u></u>	<u></u>

(prior year adjustment of Audit)

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

10 Interest payable and similar charges

	2021 £'000	2020 £'000
On bank loans and overdrafts	16	5
	<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.

Two (2020: Nine) Trustees incurred expenses of £1,756 (2020: £11,881) during the year relating to travel and subsistence.

12 Staff costs

	2021 Number	2020 Number
The average headcount of persons employed during the year was as follows:		
Teaching staff	122	143
Senior management	4	4
Ancillary staff	15	20
	<u> </u>	<u> </u>
	141	167
	<u> </u>	<u> </u>
Employment costs included in ordinary activities:		
	2021	2020
	£'000	£'000
Wages and salaries	5,622	6,479
Social security costs	614	711
Other pension costs	1,127	1,287
Other employment costs	95	68
	<u> </u>	<u> </u>
Total employment costs	7,458	8,545
	<u> </u>	<u> </u>

The total remuneration paid to key management personnel was £1.167m (2020: £1.405m). Key management are considered to be the Senior Management Team.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

12 Staff costs (continued)

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

	2021	2020
	Number	Number
£220,001 - £230,000	-	1
£170,001 - £180,000	-	1
£160,001 - £170,000	1	-
£110,001 - £120,000	1	1
£100,001 - £110,000	-	1
£90,001 - £100,000	2	-
£80,001 - £90,000	1	2
£70,001 - £80,000	2	1
£60,001 - £70,000	6	7

Pension contributions paid in respect of these employees totalled £0.254m (2020: £0.286m).

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

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 2020	3,031	27,069	3,933	646	1,482	3,380	39,541
Additions	-	579	-	7	520	434	1,540
Transfers	-	3,886	(3,933)	-	3	44	-
Disposals	-	-	-	-	(36)	(844)	(880)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Aug 2021	<u>3,031</u>	<u>31,534</u>	<u>-</u>	<u>653</u>	<u>1,969</u>	<u>3,014</u>	<u>40,201</u>
Depreciation							
1 Sep 2020	874	5,535	-	541	1,214	1,966	10,130
Charge for the year	59	702	-	62	239	267	1,329
Released on disposal	-	-	-	-	(36)	(844)	(880)
	<u>933</u>	<u>6,237</u>	<u>-</u>	<u>603</u>	<u>1,417</u>	<u>1,389</u>	<u>10,579</u>
31 Aug 2021	<u>933</u>	<u>6,237</u>	<u>-</u>	<u>603</u>	<u>1,417</u>	<u>1,389</u>	<u>10,579</u>
Net book values							
31 Aug 2021	<u>2,098</u>	<u>25,297</u>	<u>-</u>	<u>50</u>	<u>552</u>	<u>1,625</u>	<u>29,622</u>
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>

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

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 2020	3,031	26,605	3,933	646	1,482	3,282	38,979
Additions	-	579	-	7	520	435	1,541
Transfers	-	3,886	(3,933)	-	3	44	-
Disposals	-	-	-	-	(36)	(844)	(880)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Aug 2021	<u>3,031</u>	<u>31,070</u>	<u>-</u>	<u>653</u>	<u>1,969</u>	<u>2,917</u>	<u>39,640</u>
Depreciation							
1 Sep 2020	874	5,317	-	541	1,214	1,869	9,815
Charge for the year	59	693	-	62	239	267	1,320
Released on disposal	-	-	-	-	(36)	(844)	(880)
	<u>933</u>	<u>6,010</u>	<u>-</u>	<u>603</u>	<u>1,417</u>	<u>1,292</u>	<u>10,255</u>
31 Aug 2021	<u>933</u>	<u>6,010</u>	<u>-</u>	<u>603</u>	<u>1,417</u>	<u>1,292</u>	<u>10,255</u>
Net book values							
31 Aug 2021	<u>2,098</u>	<u>25,060</u>	<u>-</u>	<u>50</u>	<u>552</u>	<u>1,625</u>	<u>29,385</u>
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>

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 and 31 August 2021	671	786	1,457
Provision for diminution at 1 September 2020	671	786	1,457
Provision Increase	-	-	-
Provision for diminution at 31 August 2021	671	786	1,457
Net book values			
At 31 August 2021	-	-	-
At 31 August 2020	-	-	-

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
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

15a Investments

	Group		Charity	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Term Deposits	5,000	5,000	5,000	5,000

15b Investment properties

	Group		Charity	
	2021	2020	2021	2020
	£000's	£000's	£000's	£000's
Investment properties	665	665	665	665

16 Short term deposits

	Group		Charity	
	2021	2020	2021	2020
	£000's	£000's	£000's	£'000
Short term deposits	1,836	2,264	1,836	2,264

17 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	3,558	3,544	3,556	3,544
Amounts owed by group companies	-	-	4	4
Other debtors	124	164	124	164
Prepayments and accrued income	147	163	147	163
	3,829	3,871	3,833	3,875

Trade debtors include £3.586m (2020: £3.537) for fees invoiced in July and August for the following academic year.

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

18 Creditors – Amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	108	152	108	152
Amount due to group undertaking	-	-	21	21
Social security costs	159	399	159	399
Other creditors	149	241	142	234
Accruals	416	593	416	593
Fee invoiced in advance	4,095	4,074	4,095	4,074
Fees paid in advance	-	-	-	-
Deposits	305	353	305	353
	<u>5,232</u>	<u>5,812</u>	<u>5,246</u>	<u>5,826</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 2021 have been included within current liabilities. The prior year deposits balance has been similarly represented

The total amount held in relation to deposits of £0.305m is included above. In the normal course of business the expected repayment of these amounts will be £0.045m within one year and £0.260m after more than one year.

19 Creditors – Amounts falling due after more than one year

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Defined benefit pension deficit funding liability	265	292	265	292
	<u>265</u>	<u>292</u>	<u>265</u>	<u>292</u>

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

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FOR THE YEAR ENDED 31 AUGUST 2021

20 Analysis of charitable funds - Group

Analysis of movements in unrestricted funds

	Balance 01/09/2020 £'000	Income £'000	Expenditure £'000	Gains / (losses) £'000	Transfer £'000	Funds 31/08/2021 £'000
General Fund	4,874	13,918	(12,407)	-	(287)	6,098
Total General Funds	4,874	13,918	(12,407)	-	(287)	6,098
Designated Funds						
Fixed Asset Fund	30,076	-	-	-	207	30,283
Sport Centre Fund	752	-	(752)	-	-	-
The Vernon Award (Bursary Fund)	420	-	-	-	80	500
Total Designated Funds	31,248	-	(752)	-	287	30,783
Total Unrestricted Funds	36,122	13,918	(13,159)	-	-	36,881

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

Designated funds: As agreed by Council, £4.5 million was designated for the Sports Centre. This includes all professional fees, build and furnish costs. This was completed during 2020/21. A bursary fund has been setup and £0.5m is in the fund at 31st August 2021, this will be used over the next 6 years until 2026/27.

21 Analysis of group net assets between funds - Group

	General Fund £000's	Designated Funds £000's	Total £000's
Tangible fixed assets (incl. property)		30,287	30,287
Investments	5,000		5,000
Cash at bank and in hand	906	500	1,406
Other net current assets/(liabilities)	453		453
Creditors of more than one year	(265)		(265)
	<u>6,094</u>	<u>30,787</u>	<u>36,881</u>

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

22 Unrestricted funds

Charity	General Funds 2021 £'000	General Funds 2020 £'000
Balance brought forward 1 September	35,865	35,171
Surplus for the year	769	694
	<hr/>	<hr/>
Balance carried forward 31 August	36,634	35,865
	<hr/>	<hr/>

23 Financial instruments note

	2021 £'000	2020 £'000
Financial assets held at fair value include assets held as investments (b)	5,665	5,665
Financial liabilities measured at amortised cost (c)	(978)	(1,340)
	<hr/>	<hr/>
Net financial assets measured at amortised cost	4,687	4,325
	<hr/>	<hr/>

(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

24 Notes to the statement of cash flows

	2021 £'000	2020 £'000
i. Reconciliation of operating surplus to operating cash flows		
Net movement from operating activities	759	684
Investment income	(35)	(56)
Depreciation charges	1,329	1,174
Decrease in debtors	42	185
(Increase) in stock	(4)	(3)
(Decrease) in creditors	(607)	(470)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,484	1,514

THE VERNON EDUCATIONAL TRUST CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2021

25 Pension arrangements

During the year, the Trust paid a total of £1.154m (2020: £1.308m) on behalf of its employees into 3 pension schemes as follows:

Teachers' Pension - £0.930 (2020: £1.057m)

Pension Trust - £0.152m (2020: £0.157m)

Royal London - £0.072m (2020: £0.094m)

The TPT Pension deficit was also revalued downwards in the year by £0.027m.

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 £930,019 (2020: £1,057,116).

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost

**THE VERNON EDUCATIONAL TRUST
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FOR THE YEAR ENDED 31 AUGUST 2021**

control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

THE VERNON EDUCATIONAL TRUST

CONSOLIDATED CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Independent Schools' Pension Scheme

FOR THE PERIOD ENDING 31 August 2021

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)
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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)
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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 2021

	31 August 2021 (£s)	31 August 2020 (£s)	31 August 2019 (£s)
Present value of provision	264,951	292,386	313,168

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 August 2021 (£s)	Period Ending 31 August 2020 (£s)
Provision at start of period	292,386	313,168
Unwinding of the discount factor (interest expense)	2,496	3,285
Deficit contribution paid	(27,722)	(26,915)
Remeasurements - impact of any change in assumptions	(2,209)	2,848
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	264,951	292,386

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 August 2021 (£s)	Period Ending 31 August 2020 (£s)
Interest expense	2,496	3,285
Remeasurements – impact of any change in assumptions	(2,209)	2,848
Remeasurements – amendments to the contribution schedule	-	-
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 2021 % per annum	31 August 2020 % per annum	31 August 2019 % per annum
Rate of discount	1.09	0.90	1.10

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 2021

FOR THE PERIOD ENDING 31 August 2021

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 2021 (£s)	31 August 2020 (£s)	31 August 2019 (£s)
Year 1	28,554	27,722	26,915
Year 2	29,410	28,554	27,722
Year 3	30,293	29,410	28,554
Year 4	31,201	30,293	29,410
Year 5	32,137	31,201	30,293
Year 6	33,101	32,137	31,201
Year 7	34,095	33,101	32,137
Year 8	35,117	34,095	33,101
Year 9	24,114	35,117	34,095
Year 10	-	24,114	35,117
Year 11	-	-	24,114
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 2021

26 Operating Leases

At 31 August 2021 the group had the following commitments under non-cancellable operating leases:

	Land and buildings		Other assets	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	35	35	51	73
Between 1 and 2 years	35	35	56	73
Between 2 and 5 years	105	105	34	94
After 5 years	<u>2,905</u>	<u>2,940</u>	<u>-</u>	<u>-</u>

27 Capital Commitments

As at 31 August 2021 the Group had no capital commitments £0 (2020: £0.6m).

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.

30 Contingent Liabilities

At the time of approving these financial statements we have been notified of potential employment-related actions against the Trust. Where formal actions have not yet been lodged it is too soon to determine the probability of likely success or reliably measure the financial impact on the Trust. The Trust is actively working with all parties to conclude these matters.