

This 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 2022

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 (Chair) (retired 31 August 2022)					
Mr R G Mansfield (Vice-Chairman) (retired 31 December 2021)					
Ms C Cornish* (Chair) (appointed 11 November 2021)	•	•	•	•	•
Dr A Fairbank		•	•		
Mr I M Hunt		•		•	•
Mrs A Hutchinson		•	•	•	•
Ms T Ingles*	•		•		
Mr T Jones			•		
Mr A J Lunn (retired 31 August 2022)					
Mr J A McLaren (retired 31 August 2022)					
Ms P Mills (retired 2 March 2022)					
Dr H F Patel (retired 31 August 2022)					
Mr A Sadighi (appointed 1 September 2022)	•				
Ms J Stevenson (appointed 1 September 2022)					
Mr D Tiller (appointed 1 September 2022)		•			
Mr G R A Davies (appointed 1 January 2023)		•			
Ms H Hunter (Appointed 1 January 2023)	•				
Mr J L Raymond (appointed 1 January 2023)	•				
Dr M Van Grondelle (retired 31 October 2022)					

(1) Finance and Operations Committee (incorporates the Audit Committee and Annual Budget Committee)

(2) Education and Welfare Committee

(3) People, Governance and Risk 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)

M Shaw

Head

E Tonnard

Director of Finance and Operations & Company Secretary

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

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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 2022. 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 2021 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. Members can serve one term of 4 years and are eligible for re-election once, allowing them to serve a maximum of eight years. 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 Director of Finance & Operations. 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 and Welfare Committee, the Finance and Operations Committee and the People, Governance and Risk 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 Director of Finance & Operations 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

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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.

The governing body undertook a skills audit of the Council as a whole, and this highlighted areas of expertise where the governing body requires potential representation at board level. This has informed and will continue to inform the work of the nominations committee .

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 ensure that its membership reflects diversity in its broadest sense. By actively seeking a range of perspectives resultant from diversity of culture, demographics, skills, experience, race, age, gender, educational and professional background, the Council will be best placed to overcome challenges, improve the Charity's performance, and support good decision making.

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, support all children through quality-first teaching, and offer extension tasks for our more able children, whilst offering individual instruction as necessary for those that need extra support.

In addition, we aim 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 works to make a difference in the community 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 available for use due to noise 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 £528,255 (2021: £ 749,873) which is equal to 3.9% (2021: 5.2%) of tuition fees.

Engagement with the state sector

The school is also an established ECT (Early Career Teachers) 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).

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The school's facilities were shared with The Royal Kent School (a primary school within the same village) during a day in the summer. The children used the sports facilities, they used the Science and Design and Technology classrooms and equipment and had lunch.

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 £11,000 for a wide range of charities including Place2Be, Winston's Wish, Hello Yellow and Riding for the Disabled.

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 offered advertising space to local businesses in the weekly newsletter for free. The car park has also been used for community events to ease local congestion.

Achievements and performance

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. Our trustees have concluded that 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

Operational performance

Following the death of the Head, Mr William Murdock, in February 2021, a transitional senior management team was immediately established. Mr Rob Andrews was appointed as acting Head until the new substantive Head could take up the position. Mrs Maxine Shaw, an experienced Head from St Paul's junior school in Barnes, London took up the leadership of the school in April 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 gradual lifting of the restrictions imposed as a result of the Covid-19 pandemic has allowed the school to gradually return to a normal modus operandi. The whole school community was delighted to experience normality as the year progressed. By the summer term we were able to return to a full curriculum with parents welcomed back on site for fixtures, productions, Sport's Day and Speech Days.

2021/22 proved to be another exceptionally successful year for our Upper School leavers, with every pupil receiving an offer from at least one of their chosen senior schools. A total of 49 scholarships were awarded to

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our Leavers. The pupils departed to 37 different senior schools including ACS Cobham, Ardingly, Bedales, Belmont, Benenden, Box Hill, Bradfield, CLFS, Charterhouse, Cranleigh, Cranmore, Epsom College, Fulham Senior School, Halliford, Hampton, Hurst, King's Canterbury, Kingston Grammar, Kingswood House, LEH, Manor House, Notre Dame, Reed's, Reigate Grammar, RGS Guildford, St George's Weybridge, St John's, Surbiton High, St Swithuns, Tonbridge, and Wellington.

With a return to normal sport last year, post COVID-19, all pupils were encouraged to participate in a wide-range of sports, including athletics, cricket, cross-country, football, golf, hockey, netball, skiing and tennis. There was a significant change within cricket, where the girls' senior teams all played hardball cricket, and a number of fixtures had mixed teams. Over the course of the year the 24-acre grounds, including a full-size all-weather AstroTurf, state-of-the-art double sports hall with climbing wall, and heated swimming pool, were used to host a plethora of tournaments and fixtures. Most notable were the IAPS senior football tournament, Surrey Cup finals, an U13 rugby 7's tournament that included three state schools, four hockey tournaments, three netball tournaments and two inaugural events: a gymnastics festival and a mixed U11 basketball tournament. The additional facilities have enabled the core P.E. programme to be developed and the offering of extra-curricular clubs that involve badminton, basketball, climbing, dodgeball, fencing, futsal, gymnastics, indoor hockey, indoor cricket nets and a Talented Athlete Programme for our senior students. There were successes last year in the U11 girls winning their IAPS regional hockey, the U13 netball team qualified for the IAPS National finals in netball, the U10 rugby were undefeated at the Surrey festival, the U13 rugby won the Feltonfleet 7s and Shrewsbury House 7's, came 3rd at the Caldicott National 10's and were undefeated at 13-a-side, the senior football team reached the 4th round of the ISFA National Cup and the Surrey Cup final, the U11 cricket reached the Surrey Cup semi-final, skiing saw students medal at the ESSKIA, IAPS National and Surrey competitions and golf won the Cranleigh Cup. We also established a link with Royal Kent School and taught their Year 4 students to pass their National Curriculum swimming certificate.

Drama and Music have continued to go from strength to strength as all pupils are offered extensive provision, both inside and outside of the classroom to develop their talents. Having successfully navigated through the challenges of Covid-19, both departments have returned to a lively and full calendar of events. All choirs and ensembles are busy preparing for the Christmas festivities. We currently have a thriving team of peripatetic staff with 230 pupils learning musical instruments. This year also brings a new change to the previous model, with Years 2, 4, 6 and 8 having main stage productions in the ark.

The philanthropic ethos of the school is very strong with three nominated charities benefitting from the energetic fundraising initiatives of the children. Last academic year, £11,000 was raised for Winston's Wish, Riding for the Disabled Leatherhead and Bookham and JDRC. Both staff and children are united when planning and delivering events throughout the year, events include Santa Dashes, sponsored swims, rowing challenges, charity day activities, tough mudders and mufti days. The school also works with the local community in a variety of ways, to support vulnerable families get through challenging times. Fundraising events involve volunteering time to raise essential resources for those less fortunate in the local area. These activities include doughnut sales, Christmas gift bags for Oasis Children's Charity, Christmas shoeboxes in aid of Shooting Star Chase and the Children's Trust, food and clothing collections for both Ukrainian families and food banks during the annual Harvest Festival and MacMillan cake sales. Danes Hill strives to deliver new exciting events to motivate and encourage the whole community to think of others and raise money for invaluable charity's that support children and their families.

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

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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 are summarised as follows:

	2022	2021
	£'000	£'000
Surplus before depreciation	291	2,091
Depreciation of fixed assets	(1,443)	(1,332)
	<hr/>	<hr/>
(Deficit) / Surplus after depreciation	(1,152)	759
	<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 £35.7m (2021: £36.9m) 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 £5.84m (2021: £6.09m), 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:

- **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 academic proposition**, mitigated by weekly review by the SLT, 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

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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 SLT 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.
- 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:

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- 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 15th May 2023 and signed on its behalf by



C Cornish (Chair)

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 2022 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 2022 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.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

22 May 2023

THE VERNON EDUCATIONAL TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 Total funds £'000	2021 Total funds £'000
Income from:			
Charitable activities			
Education	3	13,564	13,774
Investments			
Investment income	4	57	35
Voluntary sources			
Donations		-	-
Other activities		31	109
Total income		<u>13,652</u>	<u>13,918</u>
Expenditure on:			
Raising funds:			
Fundraising and publicity	5	88	53
Charitable activities			
Education	6	14,716	13,106
Total expenditure	9	<u>14,804</u>	<u>13,159</u>
Net movement in funds for the year		(1,152)	759
Fund balances at 1 September	20	36,881	36,122
Fund balances at 31 August	20	<u><u>35,729</u></u>	<u><u>36,881</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 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	13	28,694	29,622
Investments	15a	5,011	5,000
Investment properties	15b	665	665
		<u>34,370</u>	<u>35,287</u>
Current assets			
Stock		18	20
Debtors	17	3,647	3,830
Cash at bank and in hand		1,782	1,406
Short term deposits	16	1,836	1,836
		<u>7,283</u>	<u>7,092</u>
Creditors – Amounts falling due within one year	18	<u>(5,613)</u>	<u>(5,233)</u>
Net current assets		1,670	1,859
Total assets less current liabilities		<u>36,040</u>	<u>37,146</u>
Creditors – Amounts falling due after more than one year	19	<u>(311)</u>	<u>(265)</u>
Net assets		<u>35,729</u>	<u>36,881</u>
The funds of the charity			
Unrestricted funds	20	<u>35,729</u>	<u>36,881</u>

Approved by the Council on 15th May 2023 and signed on its behalf by:



C Cornish (Chair)

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 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
Fixed assets					
Tangible assets	13		28,467		29,385
Subsidiaries	14		-		-
Investments	15a		5,011		5,000
Investment properties	15b		665		665
			34,143		35,050
Current assets					
Stock		18		20	
Debtors	17	3,650		3,833	
Cash at bank and in hand		1,782		1,406	
Short term deposits	16	1,836		1,836	
		7,286		7,095	
Creditors – Amounts falling due within one year	18	(5,626)		(5,246)	
Net current assets			1,660		1,849
Total assets less current liabilities			35,803		36,899
Creditors – Amounts falling due after more than one year	19		(311)		(265)
Net assets			35,492		36,634
The funds of the charity					
Unrestricted funds	22		35,492		36,634

Approved by the Council on 15th May 2023 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 deficit of £1.1m (2021 – surplus £0.8m)



C Cornish (Chair)

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 2022

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
Cash flow from operating activities	24		844		1,484
Cash flows from investing activities					
Interest received		57		35	
Payments to acquire tangible fixed assets		(515)		(1,540)	
Net cash outflow from investing activities			(457)		(1,505)
Change in cash and cash equivalents in the reporting period			(387)		(21)
Cash and cash equivalents at the beginning of the reporting period			8,242		8,263
Cash and cash equivalents at the end of the reporting period			8,629		8,242
Analysis of net cash					
	At 1 September 2021		Cash flow		At 31 August 2022
	£'000		£'000		£'000
Cash at bank and in hand	1,406		376		1,782
Long term deposits	5,000		11		5,011
Short term deposits	1,836		0		1,836
	<u>8,242</u>		<u>387</u>		<u>8,629</u>

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

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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.

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.

2 Principal accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

3. Incoming resources from charitable activities

	2022	2021
	£'000	£'000
Tuition	13,802	14,549
Fees for extracurricular activities	700	504
Less: Total bursaries and discounts	(938)	(1,279)
	<u>13,564</u>	<u>13,774</u>

4. Investment income

	2022	2021
	£'000	£'000
Bank interest receivable	57	35
	<u>57</u>	<u>35</u>

5. Fundraising and publicity

	2022	2021
	£'000	£'000
Public relations	6	(2)
Advertising and publicity	82	55
	<u>88</u>	<u>53</u>

6. Education costs - Group

	Direct	Support	2022	2021
	£'000	£'000	Total	Total
			£'000	£'000
Education:				
Teaching costs	6,156	-	6,156	6,419
Premises costs	1,715	-	1,715	1,551
Catering	-	863	863	697
Course materials	797	-	797	536
Legal and professional	541	-	541	333
Depreciation	1,078	365	1,443	1,332
Interest payable	-	24	24	16
Support salaries	-	1,747	1,747	1,039
Other	-	1,430	1,430	1,183
	<u>10,287</u>	<u>4,429</u>	<u>14,716</u>	<u>13,106</u>

The School made a donation of £50,000 to the Rape and Sexual Abuse Support Centre (Guildford) during the year, in support of its Reducing Risk Educational Programme for children (and adults in schools who support them) in Surrey.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

7 Support costs

	Education	Governance	Total	Total
		(Note 8)	2022	2021
	£'000	£'000	£'000	£'000
Staff costs	1,737	10	1,747	1,039
Interest payable	24	-	24	16
Depreciation	365	-	365	302
Catering	863	-	863	697
Other	1,395	35	1,430	1,183
	<u>4,384</u>	<u>45</u>	<u>4,429</u>	<u>3,237</u>

8 Governance

	2022	2021
	£'000	£'000
Audit	30	29
Other non-audit Costs	5	3
Staff costs	10	21
	<u>45</u>	<u>53</u>

9 Total resources expended – Group

	Staff costs	Depreciation	Other costs	Total	Total
	£'000	£'000	£'000	2022	2021
	£'000	£'000	£'000	£'000	£'000
Education	7,903	1,443	5,370	14,716	13,106
Fundraising and publicity	-	-	88	88	53
	<u>7,903</u>	<u>1,443</u>	<u>5,458</u>	<u>14,804</u>	<u>13,159</u>

Other costs include the following expenses:

	2022	2021
	£'000	£'000
Hire of plant and machinery - operating leases	91	73
Rent payable	74	46
Auditor's remuneration		
- Audit	30	29
	<u></u>	<u></u>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10 Interest payable and similar charges

	2022 £'000	2021 £'000
On bank loans and overdrafts	24	16
	<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.

Five (2021: Two) Trustees incurred expenses of £3,294 (2021: £1,756) during the year relating to travel and subsistence.

12 Staff costs

	2022 Number	2021 Number
The average headcount of persons employed during the year was as follows:		
Teaching staff	120	122
Senior management	4	4
Ancillary staff	17	15
	<u> </u>	<u> </u>
	141	141
	<u> </u>	<u> </u>
Employment costs included in ordinary activities:		
	2022	2021
	£'000	£'000
Wages and salaries	6,200	5,622
Social security costs	643	614
Other pension costs	1,161	1,127
Other employment costs	7	95
	<u> </u>	<u> </u>
Total employment costs	8,011	7,458
	<u> </u>	<u> </u>

2021 restated to include £148k Wages and salaries

The total remuneration paid to key management personnel was £1.447m (2021: £1.167m). Key management are considered to be the Senior Management Team

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12 Staff costs (continued)

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

	2022	2021
	Number	Number
£160,001 - £170,000	-	1
£140,001 - £150,000	1	-
£120,001 - £130,000	1	-
£110,001 - £120,000	-	1
£100,001 - £110,000	2	-
£90,001 - £100,000	2	2
£80,001 - £90,000	1	1
£70,001 - £80,000	1	2
£60,001 - £70,000	4	6

Pension contributions paid in respect of these employees totalled £0.192m (2021: £0.254m).

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021	3,031	31,534	-	653	1,969	3,014	40,201
Additions	-	72	-	-	241	202	515
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(147)	-	(147)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Aug 2022	<u>3,031</u>	<u>31,606</u>	<u>-</u>	<u>653</u>	<u>2,063</u>	<u>3,216</u>	<u>40,569</u>
Depreciation							
1 Sep 2021	933	6,237	-	603	1,417	1,389	10,579
Charge for the year	61	726	-	38	327	290	1,442
Released on disposal	-	-	-	-	(147)	-	(147)
	<u>994</u>	<u>6,963</u>	<u>-</u>	<u>641</u>	<u>1,597</u>	<u>1,679</u>	<u>11,874</u>
31 Aug 2022	<u>994</u>	<u>6,963</u>	<u>-</u>	<u>641</u>	<u>1,597</u>	<u>1,679</u>	<u>11,874</u>
Net book values							
31 Aug 2022	<u>2,037</u>	<u>24,643</u>	<u>-</u>	<u>12</u>	<u>466</u>	<u>1,537</u>	<u>28,695</u>
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>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021	3,031	31,070	-	653	1,969	2,917	39,640
Additions	-	72	-	-	241	202	515
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	(147)	-	(147)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 Aug 2022	<u>3,031</u>	<u>31,142</u>	<u>0</u>	<u>653</u>	<u>2,063</u>	<u>3,119</u>	<u>40,008</u>
Depreciation							
1 Sep 2021	933	6,010	-	603	1,417	1,292	10,255
Charge for the year	61	717	-	38	327	290	1,433
Released on disposal	-	-	-	-	(147)	-	(147)
	<u>994</u>	<u>6,727</u>	<u>-</u>	<u>641</u>	<u>1,597</u>	<u>1,582</u>	<u>11,541</u>
31 Aug 2022	<u>994</u>	<u>6,727</u>	<u>-</u>	<u>641</u>	<u>1,597</u>	<u>1,582</u>	<u>11,541</u>
Net book values							
31 Aug 2022	<u>2,037</u>	<u>24,415</u>	<u>-</u>	<u>12</u>	<u>466</u>	<u>1,537</u>	<u>28,467</u>
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>

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021 and 31 August 2022	671	786	1,457
Provision for diminution at 1 September 2021	671	786	1,457
Provision Increase	-	-	-
Provision for diminution at 31 August 2022	671	786	1,457
Net book values			
At 31 August 2022	-	-	-
At 31 August 2021	-	-	-

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		Brinlay Limited		
Danes Hill School		Danes Hill School		
Leatherhead Road		Leatherhead Road		
Oxshott		Oxshott		
Surrey		Surrey		
KT22 0JG		KT22 0JG		

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15a Investments

	Group		Charity	
	2022	2021	2022	2021
	£000's	£000's	£000's	£000's
Term Deposits	5,011	5,000	5,011	5,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15b Investment properties

	Group		Charity	
	2022	2021	2022	2021
	£000's	£000's	£000's	£000's
Investment properties	665	665	665	665
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Short term deposits

	Group		Charity	
	2022	2021	2022	2021
	£000's	£000's	£000's	£'000
Short term deposits	1,836	1,836	1,836	1,836
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	3,344	3,558	3,344	3,558
Amounts owed by group companies	-	-	4	4
Other debtors	116	124	116	124
Prepayments and accrued income	186	147	186	147
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,646	3,829	3,650	3,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Trade debtors include £3.304m (2021: £3.586) for fees invoiced in July and August for the following academic year.

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

18 Creditors – Amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	270	108	270	108
Amount due to group undertaking	-	-	21	21
Social security costs	190	159	190	159
Other creditors	134	149	127	142
Accruals	712	416	712	416
Fee invoiced in advance	3,944	4,095	3,944	4,095
Fees paid in advance	-	-	-	-
Deposits	362	305	362	305
	<u>5,612</u>	<u>5,232</u>	<u>5,626</u>	<u>5,246</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 2022 have been included within current liabilities. The prior year deposits balance has been similarly represented

The total amount held in relation to deposits of £0.362m is included above. In the normal course of business the expected repayment of these amounts will be £0.041m within one year and £0.321m after more than one year.

19 Creditors – Amounts falling due after more than one year

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Defined benefit pension deficit funding liability	311	265	311	265
	<u>311</u>	<u>265</u>	<u>311</u>	<u>265</u>

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

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20 Analysis of charitable funds - Group

Analysis of movements in unrestricted funds

	Balance 01/09/2021 £'000	Income £'000	Expenditure £'000	Gains / (losses) £'000	Transfer £'000	Funds 31/08/2022 £'000
General Fund	6,098	13,652	(14,804)	-	894	5,840
Total General Funds	6,098	13,652	(14,804)	-	894	5,840
Designated Funds						
Fixed Asset Fund	30,283	-	-	-	(924)	29,359
The Vernon Award (Bursary Fund)	500	-	-	-	30	530
Total Designated Funds	30,783	-	(752)	-	(894)	29,889
Total Unrestricted Funds	36,881	13,652	(14,804)	-	-	35,729

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

Designated funds: The bursary fund has £0.5m in the fund at 31st August 2022, this will be used over the next 5 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)		29,359	29,359
Investments	5,011		5,011
Cash at bank and in hand	1,252	530	1,782
Other net current assets/(liabilities)	(112)		(112)
Creditors of more than one year	(311)		(311)
	5,840	29,889	35,729

THE VERNON EDUCATIONAL TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

22 Unrestricted funds

Charity	General Funds 2022 £'000	General Funds 2021 £'000
Balance brought forward		
1 September	36,634	35,865
Surplus for the year	(1,142)	769
	<hr/>	<hr/>
Balance carried forward		
31 August	35,492	36,634
	<hr/> <hr/>	<hr/> <hr/>

23 Financial instruments note

	2022 £'000	2021 £'000
Financial assets held at fair value include assets held as investments (b)	5,676	5,665
Financial liabilities measured at amortised cost (c)	(1,479)	(978)
	<hr/>	<hr/>
Net financial assets measured at amortised cost	4,197	4,687
	<hr/> <hr/>	<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

	2022 £'000	2021 £'000
i. Reconciliation of operating surplus to operating cash flows		
Net movement from operating activities	(1,152)	759
Investment income	(57)	(35)
Depreciation charges	1,442	1,329
Decrease in debtors	183	42
Decrease in stock	2	(4)
Increase in creditors	426	(607)
	<hr/>	<hr/>
Net cash inflow from operating activities	844	1,484

THE VERNON EDUCATIONAL TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

25 Pension arrangements

During the year, the Trust paid a total of £1.115m (2021: £1.154m) on behalf of its employees into 3 pension schemes as follows:

- Teachers' Pension - £0.908 (2021: £0.930m)
- Pension Trust - £0.122m (2021: £0.152m)
- Royal London - £0.085m (2021: £0.072m)

The TPT Pension deficit was also revalued upwards in the year by £0.046m.

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 £908,327 (2021: £930,019).

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

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

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

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

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

THE VERNON EDUCATIONAL TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

Independent Schools' Pension Scheme

FOR THE PERIOD ENDING 31 August 2022

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 61 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 2020. This actuarial valuation was certified on 22 December 2021 and showed assets of £201.1m, liabilities of £256.3m and a deficit of £55.2m. 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 2022 to 30 June 2032:	£2,687,000 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 2017. This valuation showed assets of £149.4m, liabilities of £187.6m and a deficit of £38.2m. 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 2019 to 31 April 2030:	£2,387,357 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 2022

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 August 2022 (£s)	Period Ending 31 August 2021 (£s)
Provision at start of period	264,951	292,386
Unwinding of the discount factor (interest expense)	2,733	2,496
Deficit contribution paid	(28,554)	(27,722)
Remeasurements - impact of any change in assumptions	(51,545)	(2,209)
Remeasurements - amendments to the contribution schedule	122,921	-
Provision at end of period	310,506	264,951

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 August 2022 (£s)	Period Ending 31 August 2021 (£s)
Interest expense	2,733	2,496
Remeasurements – impact of any change in assumptions	(51,545)	(2,209)
Remeasurements – amendments to the contribution schedule	122,921	-
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 2022 % per annum	31 August 2021 % per annum	31 August 2020 % per annum
Rate of discount	4.31	1.09	0.90

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 2022

FRS 102 - SECTION 28

ADDITIONAL INFORMATION

FOR THE PERIOD ENDING 31 August 2022

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 2022 (£s)	31 August 2021 (£s)	31 August 2020 (£s)
Year 1	34,011	28,554	27,722
Year 2	35,031	29,410	28,554
Year 3	36,082	30,293	29,410
Year 4	37,164	31,201	30,293
Year 5	38,279	32,137	31,201
Year 6	39,428	33,101	32,137
Year 7	40,611	34,095	33,101
Year 8	41,829	35,117	34,095
Year 9	43,084	24,114	35,117
Year 10	36,980	-	24,114
Year 11	-	-	-
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 2022

26 Operating Leases

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

	Land and buildings		Other assets	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	35	35	56	51
Between 1 and 2 years	35	35	34	56
Between 2 and 5 years	105	105	-	34
After 5 years	<u>2,870</u>	<u>2,905</u>	<u>-</u>	<u>-</u>

27 Capital Commitments

As at 31 August 2022 the Group had no capital commitments £0 (2021: £0m).

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.