# ARNOLD HOUSE SCHOOL LTD

England & Wales · Charity number 312725

## Details

| | |
|---|---|
| **Other names** | ARNOLD HOUSE SCHOOL |
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 00889424 |
| **Registered** | 1966-10-12 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Arnold House School<br>1-3 Loudoun Road<br>London<br>NW8 0LH |
| **Phone** | 02072664840 |
| **Email** | office@arnoldhouse.co.uk |
| **Website** | www.arnoldhouse.co.uk |

## Activities

**Objects:** THE OBJECTS OF THE CHARITY (THE "OBJECTS") ARE TO ACQUIRE AND CARRY ON IN THE UNITED KINGDOM A BOARDING SCHOOL OR DAY SCHOOL OR SCHOOLS FOR THE EDUCATION OF EITHER SEX OR BOTH SEXES.

**Activities:** Provision of early years and preparatory education for boys between the ages of 3 and 13.

## Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Other Charitable Activities
- **What:** General Charitable Purposes, Education/training, Other Charitable Purposes
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

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## Geography

- City Of Westminster
- Harrow

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-08-31 | £9,829,101 | £8,936,634 | £12,323,569 | 85 |
| 2024-08-31 | £9,670,155 | £9,091,371 | £11,431,102 | 82 |
| 2023-08-31 | £9,009,634 | £8,464,913 | £10,852,318 | 81 |
| 2022-08-31 | £8,163,543 | £7,953,007 | £10,307,597 | 76 |
| 2021-08-31 | £6,004,714 | £6,046,794 | £10,097,061 | 59 |
| 2020-08-31 | £5,829,594 | £5,554,735 | £10,139,141 | 55 |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| **Monish Ajab Sahni** | Chair | 2025-06-02 |
| Claudia Mary Seton Douglass | | 2017-10-10 |
| Dr Gary John Savage | | 2021-03-09 |
| Eleanor Judith De Freitas | | 2018-03-13 |
| Hanah Munzer Burgess | | 2021-03-09 |
| JON HAMILTON ZEHNER | | 2018-10-02 |
| Michael Anthony Grenier | | 2022-06-21 |
| Thomas Arthur Nicholson | | 2023-10-17 |

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**ARNOLD HOUSE SCHOOL LTD**

England & Wales - Charity number 312725

# Accounts

# ARNOLD HOUSE SCHOOL LIMITED
**(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**YEAR ENDED**

**31 AUGUST 2025**

**HaysMac LLP**
**Chartered Accountants**
**Registered Auditors**

**Registered Company Number: 00889424**
**Registered Charity Number: 312725**

**ARNOLD HOUSE SCHOOL LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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**DIRECTORS**

The Directors of the company who served during the year and since year end were:

Rev Dr A K Bergquist (Resigned 24th March 2026)
H M Burgess
C M S Douglass
E J De Freitas
M A Sahni
G J Savage
M A Grenier
S. Honey (Resigned 14th January 2026)
J H Zehner
T A Nicholson
J M Stowell (Resigned 25th March 2026)
L.L Newton (Resigned 31st December 2025)

| | |
|---|---|
| **REGISTERED OFFICE** | 1 Loudoun Road<br>St John's Wood<br>London<br>NW8 0LH |
| **AUDITORS** | HaysMac LLP<br>Chartered Accountants<br>10 Queen Street Place<br>London<br>EC4R 1AG |
| **BANKERS** | The Royal Bank of Scotland Plc<br>48 Haymarket<br>London<br>SW1Y 4SE |
| **SOLICITORS** | Veale Wasbrough Vizards<br>24 King William Street<br>London<br>EC4R 9AT |

**KEY PERSONNEL**

| | |
|---|---|
| Headmaster | G Tollit |
| Director of Finance and Resources /Company Secretary | E Winter |
| Deputy Headmaster | D Cox |
| Head of Pre-Prep | V McKenzie |

**REGISTERED COMPANY NUMBER**: 00889424

**REGISTERED CHARITY NUMBER**: 312725

The Governors, who are also directors of the company and charity trustees, have pleasure in submitting their report and audited financial statements for the year ended 31 August 2025.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

Arnold House School Limited is a company limited by guarantee and a Registered Charity governed by its Memorandum and Articles of Association.

New Governors are appointed by the Governing Body on the recommendation of a nominations committee selected by the Chair. Suitable candidates are sought to meet the need to maintain the best possible balance of relevant skills, expertise and experience on the School's Governing Body. The Finance Committee meets at least once a term to receive updates from the Headmaster and Director of Finance and Resources, to review the School's finances and make recommendations to the full Board of Governors. The Governing Body reviews the recommendations of the Finance Committee which are considered and approved, major issues discussed and policy decisions agreed. Visits from Governors to the School to be updated by the Headmaster, Director of Finance and Resources and Senior staff occur at least termly. Governors are encouraged to regularly attend external training courses. Regular updates come from the Clerk and AGBIS.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster, Director of Finance and Resources, the Deputy Headmaster and the Head of Pre-Prep. Remuneration of these key management personnel is set by the Board, in conjunction with the Headmaster where applicable using a number of criteria such as nature of role and responsibilities, sector salaries as indicated by various benchmarks and other market reports, cost of living increases and trends in pay.

## OBJECTIVES AND ACTIVITIES

The Company, which is constituted as an Educational Charitable Trust, has continued its business of providing preparatory school education throughout the year. The School's primary objective is to educate boys aged 3 to 13 in the broadest sense and to equip them with the academic skills, confidence and well roundedness that ensures they flourish at their chosen senior schools and beyond.

We aim to:

- encourage and support boys in upholding the School's strong academic traditions and to prepare them for successful transfer to their chosen senior school at the age of 13
- serve the best interest of all pupils in a supportive, purposeful and stimulating learning environment
- promote good citizenship through the virtues of courtesy and industry and provide a foundation for boys' spiritual, moral, social and cultural development
- help boys mature in a well-rounded way by developing their understanding, experience and enjoyment of music, the arts, sport and a wide range of extra-curricular activities
- engender in the boys a love of learning and a self-confidence in their abilities that will prepare them for a lifetime of learning

## OBJECTS

To acquire and carry on in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes.

## Our Aims and Objectives

Arnold House is a leading independent London preparatory school for boys aged 3 to 13. Located in the heart of St John's Wood, we combine tradition and academic rigour with a modern, boy-centred approach to education. Our boys go on to top senior schools — but more importantly, they leave with strong values, confidence, and a clear sense of who they are.

We are proud to offer a 10-year journey that nurtures each boy academically, socially and emotionally — from his very first day in Pre-Reception to senior school transition at 11+ and 13+. Every step is shaped by our commitment to whole-child development, exceptional pastoral care, and a strong sense of community.

**2025 Leavers' Destinations**

The strong academic foundation given to the boys, coupled with outstanding preparation for admissions assessments, allowed our Year 8 pupils to successfully join the following schools at 13+:

- Brighton College
- City of London
- Glyn School
- Haberdashers
- Harrow
- Merchant Taylors
- Mill Hill
- St Paul's
- Tanglin Trust Singapore
- Tonbridge
- UCS
- Westminster
- Wetherby Pembridge
- Winchester

Similarly well-prepared, Year 6 boys also joined these schools at 11+

- Brondesbury
- Glasgow Academy
- Highgate
- Kensington Park
- Merchant Taylors
- St Albans
- UCS

**2024/25 Achievements and Performance**

Academic performance was strong, whether that was in senior school admissions assessments or within the mainstream academic subjects. Arnold House boys placed highly in the Junior Maths Challenge and the Townsend Warner History Prize, as well as winning plaudits in events for Debating.

Many off-site visits offered the boys first-hand experiences to enrich their learning. Trips were taken to Verulamium, Kew Gardens, Regents Park Mosque, various theatre trips, museums, including a Genetics exhibition. We also held a wide programme of workshops to build on knowledge gained in the classroom, as well as personal development: in Science (Electricity, Forensics), History (Ancient Egypt, Victorian life, Great Fire of London), Maths, Mental Wellbeing, Teamwork and Travel Safety.

The sports programme was especially strong and at the end of the football season, we once again celebrated that AH teams are more often victorious than not, winning almost 60% of our matches; team of the season was a tie between the 1st XI and the Colts B team. The team sports of football, rugby, hockey, cricket and tennis were enhanced by cross country, basketball, swimming, golf, riding, and athletics.

A number of themed weeks through the year bring a focus to important areas of school life:

- Citizenship Week focused on how boys can contribute to their communities: at school, at home and in the wider world.
- Wellbeing Week emphasised inclusion and diversity, using the theme of superpowers.
- Book Week was a resounding success, with boys of all ages enjoying stories, workshops and a dress-up day.

Our ongoing charitable activities raised substantial funds for our charity partners, chosen by the boys: St John's Hospice, and Sufra Food Bank.

Music and Drama continue to play a vital part of school life, providing all boys with regular opportunities to perform: we completed a full refurbishment of the theatre at our Canons Park facility, enhancing the quality of the performances.

Residential trips remain an important part of our curriculum: Year 8 enjoyed a French Trip to Burgundy, a sports trip to Belfast and a visit to the WW2 battlefields of Northern Europe; Year 7 visited the Bay of Naples; Years 5 and 6 embarked on a memorable educational expedition to Devon. Year 4 held an overnight camp at Canons Park after a day of team-building activities.

Arnold House continues to collaborate with a number of schools: a partnership with Queens College Prep School continues, providing a platform for shared events and workshops. Staff training with other schools was a great success and our Canons Park facilities are available for community use especially for Sports events; schools include Christ Church Primary School in Camden and Sarum Hall. Bursaries (100%) continue to be provided for some pupils in Years 7 and 8.

A very successful calendar of community events included our first Fireworks Night, a parents' Quiz Night, the Summer Fair, sports festivals each term and many events for parents on site through the year.

**Bursaries**

We have provided three 100% bursary places this year funded through a combination of the School's fee income and donations from the Arnold House community.

Bursaries were given in the year to the value of £125,174 (2024: £124,665).

The Family Fund:

The School was extremely grateful for the generosity shown by our community in supporting those AH families whose income was affected by Covid-19. In the year to 31 August 2025 a total of £7,205 (2024: £21,810) was raised which will go towards fee assistance for those in need.

**Public Benefit**

The Governors confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the School.

Locally, relationships continue to be developed with Sarum Hall and Queens College Prep School. Both schools made use of the facilities at Canons Park for their Sports Day. The school continues to support St John's Wood Church, St Cyprian's and St John's Hackney and the boys and parents took part in the annual Christmas Gift Bag drive which continues to be a huge success. The School has also continued to develop relationships with local charities including the ongoing support of the St John's Hospice.

**Raising money for charity:**

Over the year, the boys, staff and parents raised awareness and support for a number of charities through a number of Charity Days:

- Autumn term Charity Day – Autumn Theme
- Spring Term Charity Day – World Book Day
- Summer Term Charity Day – House Colours Theme

The total raised for charity this academic year was: £9,181.25.

## FINANCIAL REVIEW

The School's main income is from fees which amounted to £9,532,046 (2024: £9,475,146) in the year, a 1% increase, mainly driven by a 5.4% rise in fees but impacted by a reduction in pupil numbers, a change in how music tuition was recharged to pupils and a 2.5% discount offered in the Spring and Summer terms following the introduction of VAT. Bursaries and staff fee discounts amounted to £145,248 (2024: £157,911).

Parents, old boys and others associated with the School made donations of £7,654 (2024: £61,573) in the year to the hardship fund. Following funding of £35,000 (2024: £60,102) for bursaries in the year the closing balance on the bursary, including family fund was £139,163.

School operating costs decreased by 2% in the year to £8,936,635 (2024: £9,091,371). Staff costs were £5,046,456 (2024: £5,052,887). The decrease in staff costs is largely attributable to lower temporary teaching cover costs and the change in the way the visiting music teachers were paid during the year. The reduction in other costs is from VAT reclaims on expenses following the school's VAT registration in December 2024. Lower interest payments during the year reflect a reduced interest rate and a partial repayment of the loan principal in 2023/24.

The net income from operations for the year was £892,467 (2024: £578,784). Besides the increase in income from fees and reduction of operating costs, this is mainly driven by the increase in other trading income and prudent investment of the cash surplus into higher interest deposit accounts. The School aims to achieve an annual surplus to ensure that there are sufficient reserves to manage the School on a prudent financial basis and to provide funds for future capital expenditure.

### Reserves Policy

The Governors review the reserves policy annually. The key objective of the policy is to ensure the long-term financial stability of the School whilst maintaining sufficient liquid reserves to meet short-term financial obligations in the event of unexpected income shortfall or unforeseen expenses.

As at 31 August 2025, the total funds of the School were £12,323,569 (2024: £11,431,102) made up of unrestricted funds of £12,184,406 (2024: £11,224,564) and restricted funds of £139,163 (2024: £206,538). The movement in funds are shown in note 13 to the accounts.

At the year-end free reserves, calculated as unrestricted funds less net book value of fixed assets, amounted to a balance of £25,721 (2024: negative balance of £1,552,707). This position is a consequence of the strategic decision made in 2021 to purchase the pre-prep building at Marlborough Place. The purchase was financed partly through reserves and partly through a £4,900,000 bank loan. The Governors are committed to building up reserves over the long-term whilst continuing to invest in the ongoing development of the School's educational provision and infrastructure.

The Governors have determined that the School should hold minimum cash reserves equivalent to approximately three months budgeted operating expenditure. The Governors regularly monitor the School's cash position to ensure compliance with the minimum target. The year-end cash balance was £6,746,627 (2024: £6,428,690) exceeding the minimum reserves requirement in both years.

**Risk Review**

The Governors have assessed the major risks to which the School is exposed and are satisfied that systems are in place to mitigate the School's exposure to the major risks. Such risks are reviewed on a regular basis in order to mitigate any impact that they may have on the School in the future.

The Governors consider that the major risks to which the School is currently exposed are:

- The financial pressures resulting from changes in Government policies, in particular the increase in National Insurance contributions and the loss of business rates relief, along with higher inflationary costs
- An increase in Teachers' Pension Scheme contributions leading to an increase in staff costs
- A fall in pupil numbers due to current social and demographic trends along with a rising number of pupil departures at age 11+
- The reputational impact of an incident related to safeguarding, health and safety, industrial action, or cyber security
- A major external disruptive event such as a terrorist attack, pandemic or other health related crisis

The key controls include:

- Review of the business model to achieve savings and cost efficiencies, improved financial planning and discipline, and development of additional revenue streams
- Introduction of alternative pension options to moderate the rising cost of pensions
- A continually evolving marketing strategy along with the expanded use of social media
- Regular health and safety/safeguarding training, annual review of the Emergency Response Plan, establishment of IT controls and improvement of backup systems

**Fundraising**

The charity has not made any fundraising appeals to the general public during the year, but will be running an appeal to current parents next year. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

## PLANS FOR THE FUTURE

In 2025/26, we will expect to undertake:

Curriculum

- To facilitate the smooth transition between Pre-Prep and Prep, Year 1 boys will visit the Prep School every Friday to attend Assembly, two lessons and lunch.
- The Personal Digital Portfolio will be rolled out for Year 7 and 8 pupils: this self-reflection tool will allow boys to set targets for themselves and also capture both academic and co-curricular achievements, as well as personal development.
- The Modern Languages department will offer Spanish, German and occasional Russian lessons to further broaden our provision, which centres on French but already includes Mandarin and Modern Greek.

Facilities

- The creation of the Arnold House Media Hub, which will house equipment for recording, editing and curating performances by the boys. Fundraising for this will be through a series of Proms concerts, culminating in a whole-school concert at Cadogan Hall.
- Refurbishment of additional classrooms, the playground, , and the seating and acoustic arrangements in the dining room at the Prep School.
- External improvements at the Pre-Prep including the drainage in the front garden area.
- Further enhancements to our facilities at Canons Park including ground improvements and proposed conversion of an unused changing room to a classroom.

Marketing and Admissions

- Completion of the redesign of the School’s website and increased online presence in order to engage the widest audience.

Inspection and Accreditation

- An inspection by ISI as part of the regular schedule of inspections for independent schools.
  The School is voluntarily engaged with the Carnegie School of Education at Leeds Becket University to measure its wellbeing provision against national standards and research-based best practice.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Arnold House School Limited for the purposes of company law) are responsible for preparing the Governors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## AUDITORS

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

Governors' Report, incorporating a Strategic Report, approved by the Board of Governors and signed on its behalf by:



M Sahni
Chair of the Board of Governors
Date: 19 May 2026

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

In our opinion, the financial statements:

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

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

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

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

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

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

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

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

**Responsibilities of Governors for the financial statements**
As explained more fully in the Statement of Governors' Responsibilities set out on page 8, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to The Education (Independent School Standards) Regulations 2014, safeguarding regulations, health and safety law, GDPR, employment law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for Charities (SORP 2019) and payroll tax.

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

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

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

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

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jackson Berry (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 20 May 2026

**ARNOLD HOUSE SCHOOL LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 AUGUST 2025**

| | Notes | Unrestricted Funds 2025 £ | Restricted Funds 2025 £ | Total Funds 2025 £ | Total Funds 2024 £ |
|---|---|---|---|---|---|
| **INCOME FROM:** | | | | | |
| **Charitable activities:** | | | | | |
| School fee income | 3 | 9,532,046 | - | 9,532,046 | 9,475,146 |
| Other ancillary income | | - | - | - | 11,147 |
| **Other trading activities:** | | | | | |
| Other income | | 36,819 | - | 36,819 | 21,407 |
| **Investment income** | 4 | 205,972 | - | 205,972 | 90,623 |
| **Donations and grants** | 5 | - | 7,654 | 7,654 | 61,573 |
| **Other Income** | | 46,610 | - | 46,610 | 10,259 |
| **TOTAL INCOME** | | 9,821,447 | 7,654 | 9,829,101 | 9,670,155 |
| **EXPENDITURE ON:** | | | | | |
| **Charitable activity:** | | | | | |
| School Operating Costs: | | | | | |
| Teaching costs | | 4,837,373 | - | 4,837,373 | 4,971,400 |
| Welfare costs | | 536,809 | - | 536,809 | 573,528 |
| Premises costs | | 2,128,358 | - | 2,128,358 | 2,113,122 |
| Support costs of schooling | | 1,096,096 | - | 1,096,096 | 1,000,014 |
| Grants, awards and prizes | | - | 35,000 | 35,000 | 108,720 |
| | | 8,598,636 | 35,000 | 8,633,636 | 8,766,784 |
| **Raising funds:** | | | | | |
| Fundraising costs | | 89,082 | 443 | 89,525 | 56,602 |
| Finance costs | | 213,473 | - | 213,473 | 267,985 |
| **TOTAL EXPENDITURE** | 6 | 8,901,191 | 35,443 | 8,936,634 | 9,091,371 |
| **NET MOVEMENT** | | 920,256 | (27,789) | 892,467 | 578,784 |
| **Transfer of funds** | | 39,586 | (39,586) | - | - |
| **NET MOVEMENT IN FUNDS** | | 959,842 | (67,375) | 892,467 | 578,784 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2024** | | 11,224,564 | 206,538 | 11,431,102 | 10,852,318 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2025** | 13 | **£12,184,406** | **£139,163** | **£12,323,569** | **£11,431,102** |

All disclosures relate only to continuing operations.
All recognised gains and losses are shown in the Statement of Financial Activities.
The comparative Statement of Financial Activities is shown in Note 21.
The notes on pages 15 to 25 form part of these financial statements.

## BALANCE SHEET

## AS AT 31 AUGUST 2025

| | Notes | 2025 | | 2024 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 8 | | 12,158,685 | | 12,777,271 |
| | | | 12,158,685 | | 12,777,271 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 5,830 | | 5,019 | |
| Debtors | 9 | 2,475,884 | | 2,130,153 | |
| Cash at bank and in hand | | 6,746,627 | | 6,428,690 | |
| | | 9,228,341 | | 8,563,862 | |
| **CREDITORS: Amounts falling due within one year** | 10 | (4,794,688) | | (4,985,321) | |
| **NET CURRENT ASSETS** | | | 4,433,653 | | 3,578,541 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 16,592,338 | | 16,355,812 |
| **CREDITORS: Amounts falling due after one year** | 11 | | (4,268,769) | | (4,924,710) |
| **TOTAL NET ASSETS** | | | **£12,323,569** | | **£11,431,102** |
| **FUNDS** | | | | | |
| Unrestricted | 13 | | 12,184,406 | | 11,224,564 |
| Restricted | 13 | | 139,163 | | 206,538 |
| | | | **£12,323,569** | | **£11,431,102** |

The financial statements were approved and authorised for issue by the board and were signed below on its behalf by:



.....
**M Sahni**
Governor
Date: 19 May 2026

The notes on pages 15 to 25 form part of these financial statements.

**ARNOLD HOUSE SCHOOL LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2025**

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Reconciliation of net cash inflow from operations** | | | | |
| Net movement in funds | 892,467 | | 578,784 | |
| Depreciation | 674,552 | | 626,389 | |
| Interest received | (205,972) | | (90,623) | |
| Interest paid | 213,473 | | 267,985 | |
| Increase in stock | (811) | | - | |
| Increase in debtors | (345,733) | | (114,673) | |
| Increase/ (decrease) in creditors | 362,353 | | (126,678) | |
| **Net cash flow from operations** | | 1,590,329 | | 1,141,154 |
| **Cash flows from investing activities** | | | | |
| Interest received | 205,972 | | 90,623 | |
| Asset disposal VAT element | 119,111 | | - | |
| Purchase of tangible assets | (175,073) | | (274,416) | |
| **Net cash (used in)/provided by investing activities** | | 150,010 | | (183,793) |
| **Cash flows from financing activities** | | | | |
| Loan repayments | (67,233) | | (712,728) | |
| Interest paid | (213,473) | | (267,985) | |
| **Net cash used in financing activities** | | (280,706) | | (980,713) |
| **Fees in advance** | | | | |
| Fees In Advance Fund | (1,141,696) | | 2,238,968 | |
| **Net cash provided by fees in advance** | | (1,141,696) | | 2,238,968 |
| **Increase in cash** | | 317,937 | | 2,215,616 |
| **Cash and cash equivalents at the beginning of the period** | | 6,428,690 | | 4,213,074 |
| **Cash and cash equivalents at the end of the period** | | **£6,746,627** | | **£6,428,690** |
| **Analysis of cash and cash equivalents** | | | | |
| Cash at bank | | **£6,746,627** | | **£6,428,690** |

| **Analysis of changes in net funds** | **At 1 September 2024** | **Cash flows** | **Other movements** | **At 31 August 2025** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 6,428,690 | 317,937 | - | 6,746,627 |
| Fees in advance | (2,238,968) | 1,141,696 | - | (1,097,272) |
| Short term borrowings | (64,095) | 67,233 | (70,369) | (67,231) |
| Long term borrowings | (3,073,226) | - | 70,369 | (3,002,857) |
| **Net funds** | **£1,052,401** | **£1,526,866** | - | **£2,579,267** |

## 1. ACCOUNTING POLICIES

**Accounting Convention**
The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 2019. The financial statements are prepared under the historical cost convention. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**
Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Governors do not consider there to be any material uncertainties relating to going concern.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**
Fees receivable represent fees less bursaries and allowances, and other income derived from the School's continuing activities and are recognised as the service is provided.

Donations are accounted for on a receivable basis, when the conditions of entitlement, probability and measurement are met. Those received under Gift Aid are grossed up for the tax recoverable.

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

**Expenditure**
Expenditure is accounted for on an accruals basis as soon as a liability is considered probable.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

## 1. ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**
All fixed assets with a cost of more than £1,000 are capitalised at cost including those purchased from donations received for that purpose. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:-

| | |
|---|---|
| Freehold property | - 2½-20% per annum |
| Leasehold property | - over the term of the lease |
| Fixtures, fittings and equipment | - from 5% to 20% per annum |
| Computer equipment | - 33 $^{1}/_{3}$% per annum |
| Motor vehicles | - 25% per annum |

Costs relating to No 1 and No 3 Loudoun Road, are being amortised on a straight-line basis over the duration of the respective leases.

**Financial instruments**
Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*
Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

*Debtors and creditors*
Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Pension**
The teaching staff are members of the Department for Education's superannuation scheme, run by Teacher's Pensions. This is a multi-employer defined benefit scheme where the School is unable to identify its share of the underlying assets and liabilities. The scheme has been accounted for as defined contribution scheme as permitted by section 28 of FRS102 and contributions are accounted for when advised as due.

Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

**Leases and hire purchase contracts**
Rentals paid under operating leases are charged to the Statement of Financial Activities evenly over the period of the lease.

**Fees Received in Advance Fund**
Fees that are received in advance based on signed agreement between the school and parents are recognised as a liability. These fees will be recognised in the year when the fees are utilised by the pupils.

**Funds**
Unrestricted Funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which are available for use at the discretion of the Governors in furtherance of the general objectives of the School.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## 2. STATUS

The company is constituted as an Educational Charitable Trust (Charity Registered number 312725) and is limited by guarantee (Company Registration number 0889424). The liability of each member is limited to an amount not exceeding £1. The members are the Governors of the School. At 31 August 2025 the number of members were 12, and at the date of approval of the accounts the number was 10. The School's registered office address is: 1 Loudoun Road, St John's Wood, London, NW8 0LH.

## 3. FEE INCOME

| | 2025 £ | 2024 £ |
|---|---|---|
| Gross tuition fees | 9,330,658 | 9,117,836 |
| Less: bursaries | (125,174) | (124,665) |
| Less: staff discounts | (20,074) | (33,246) |
| | 9,185,410 | 8,959,925 |
| Add: bursaries funded by restricted funds | 35,000 | 60,102 |
| Net tuition fees | 9,220,410 | 9,020,027 |
| Registration fees | 23,596 | 22,780 |
| Other fees and extras | 288,040 | 432,339 |
| | £9,532,046 | £9,475,146 |

## 4. INVESTMENT INCOME

| | 2025 £ | 2024 £ |
|---|---|---|
| Interest receivable | 205,972 | 90,623 |
| | £205,972 | £90,623 |

## 5. DONATION AND GRANT INCOME

| | 2025 £ | 2024 £ |
|---|---|---|
| Bursary fund donations | 449 | 6,665 |
| Family fund donations | 7,205 | 21,810 |
| Other donations | - | 33,098 |
| | £7,654 | £61,573 |

## 6 TOTAL EXPENDITURE (2025)

| | Staff Costs | Other Costs | Depreciation | Total 2025 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Charitable activity:** | | | | |
| Teaching costs | 4,206,581 | 630,792 | - | 4,837,373 |
| Welfare costs | - | 536,809 | - | 536,809 |
| Premises costs | 198,933 | 1,254,873 | 674,552 | 2,128,358 |
| Support costs of schooling | 610,190 | 485,906 | - | 1,096,096 |
| Grants, awards and prizes | - | 35,000 | - | 35,000 |
| **Raising funds:** | | | | |
| Fundraising costs | 30,752 | 58,773 | - | 89,525 |
| Finance Costs - Interest payable | - | 213,473 | - | 213,473 |
| | £5,046,456 | £3,215,626 | £674,552 | £8,936,634 |

| **Governance included in support costs:** | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Auditors' remuneration – audit of the financial statements (including VAT) | 24,552 | 22,100 |
| Auditors' remuneration – preparation of the financial statements (including VAT) | - | 2,820 |

## TOTAL EXPENDITURE (2024)

| | Staff Costs | Other Costs | Depreciation | Total 2024 |
|---|---|---|---|---|
| **Charitable activity** | £ | £ | £ | £ |
| Teaching costs | 4,171,260 | 800,140 | - | 4,971,400 |
| Welfare costs | - | 573,528 | - | 573,528 |
| Premises costs | 226,189 | 1,260,574 | 626,359 | 2,113,122 |
| Support costs | 625,604 | 374,410 | - | 1,000,014 |
| Grants, awards & prizes | - | 108,720 | - | 108,720 |
| **Raising funds** | | | | |
| Fundraising costs | 29,834 | 26,768 | - | 56,602 |
| Finance costs - interest payable | - | 267,985 | - | 267,985 |
| | £5,052,887 | £3,412,125 | £626,359 | £9,091,371 |

## 7 STAFF COSTS

| The average number of employees during the year excluding Governors was: | 2025 | 2024 |
|---|---|---|
| Teachers | 69 | 66 |
| Non-teachers | 16 | 16 |
| | 85 | 82 |

| STAFF COSTS (continued) | 2025 £ | 2024 £ |
|---|---|---|
| Staff costs during the year amounted to: | | |
| Wages and salaries | 3,915,427 | 4,032,625 |
| Social security costs | 436,759 | 388,664 |
| Other pension costs | 694,270 | 631,598 |
| | £5,046,456 | £5,052,887 |

| | 2025 Number | 2024 Number |
|---|---|---|
| The number of employees where emoluments exceeded £60,000 were: | | |
| £60,000 - £70,000 | 10 | 10 |
| £70,000 - £80,000 | 6 | 3 |
| £80,000 - £90,000 | 1 | 1 |
| £90,000 -£100,000 | 1 | 1 |
| £160,000 - £170,000 | 1 | 1 |

Total remuneration of key management personnel for the year ended 31 August 2025 was £662,217 (2024: £660,078). During the year there were redundancy or termination payments totalled £2,100 (2024: £18,896).

No remuneration is payable to any Governors. Expenses were reimbursed to governors in the year for £53.80 (2024: £Nil).

## 8 TANGIBLE FIXED ASSETS

| | Land and buildings | Fixtures Fittings and Computer Equipment | Motor Vehicles | Total |
|---|---|---|---|---|
| **COST** | £ | £ | £ | £ |
| At 1 September 2024 | 20,274,568 | 1,782,783 | 68,579 | 22,125,930 |
| Additions | 66,259 | 58,214 | 50,600 | 175,073 |
| Pre-registration/ CGS VAT adjustment | (71,736) | (47,375) | - | (119,111) |
| Disposals | - | (591,466) | (68,579) | (660,045) |
| At 31 August 2025 | 20,269,091 | 1,202,156 | 50,600 | 21,521,847 |
| **DEPRECIATION** | | | | |
| At 1 September 2024 | 7,843,847 | 1,436,229 | 68,579 | 9,348,655 |
| Charge for year | 594,440 | 80,112 | - | 674,552 |
| Disposals | | (591,466) | (68,579) | (660,045) |
| At 31 August 2025 | 8,438,287 | 924,875 | - | 9,363,162 |
| **NET BOOK VALUE** | | | | |
| At 31 August 2025 | £11,830,804 | £277,281 | 50,600 | £12,158,685 |
| At 1 September 2024 | £12,430,721 | £346,554 | - | £12,777,271 |

## 8. TANGIBLE FIXED ASSETS (continued)

| | 2025 £ | 2024 £ |
|---|---|---|
| Land and buildings at net book value comprise | | |
| Freehold property | 10,573,120 | 10,953,453 |
| Leasehold property | 1,257,684 | 1,477,268 |
| | £11,830,804 | £12,430,721 |

## 9. DEBTORS

| | 2025 £ | 2024 £ |
|---|---|---|
| Fees and charges receivable | 1,876,846 | 1,821,782 |
| Other debtors | 403,618 | 39,252 |
| Prepayments and accrued income | 195,420 | 269,119 |
| | £2,475,884 | £2,130,153 |

Other debtors include £67,207 which relate to accrued VAT recoverable via capital good scheme in future years of which £8,401 is current while the remaining balance of £58,806 is non-current.

## 10. CREDITORS: Amounts falling due within one year

| | 2025 £ | 2024 £ |
|---|---|---|
| Bank loan (see note 12(a)) | 67,231 | 64,095 |
| Trade creditors | 129,498 | 252,793 |
| Fees received in advance of autumn term | 3,029,697 | 3,162,024 |
| Fees In Advance Fund (Note 12(b)) | 632,361 | 1,140,484 |
| Fee deposits | 89,000 | 89,000 |
| Other creditors | 143,136 | 114,797 |
| Accruals | 91,881 | 68,554 |
| Social security and other taxes | 611,884 | 93,574 |
| | £4,794,688 | £4,985,321 |

| 11. CREDITORS: Amounts falling due after one year | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Fee deposits | 801,000 | 753,000 |
| Fees In Advance Fund (see note 12(b)) | 464,910 | 1,098,484 |
| Bank loan (see note 12(a)) | 3,002,859 | 3,073,226 |
| | £4,268,769 | £4,924,710 |

| 12(a) BANK LOANS | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| **Bank loan maturity analysis** | | |
| Amounts falling due within one year | 67,232 | 64,094 |
| Amounts falling due 1-2 years | 85,652 | 68,933 |
| Amounts falling due 2-5 years | 293,233 | 239,624 |
| Amounts falling due more than 5 years | 2,623,973 | 2,764,669 |
| | £3,070,090 | £3,137,320 |

The School obtained a bank loan of £4,900,000 on 25 November 2021 in order to finance the purchase of Marlborough House, 38 Marlborough Place, NW8 0PE. The loan is repayable in 288 consecutive monthly instalments representing principal and interest commencing on 25 December 2022. The rate of interest payable on the loan is the Base Rate plus an interest margin of 2.30% per annum. The final repayment date is 25 November 2045.

The School made a voluntary overpayment of £Nil (2024: £650,000) during the year.

As part of the terms of the loan, Lloyds Bank have first legal charges over the freehold land and buildings at Arnold House School and at Marlborough House.

**12 (b) FEES IN ADVANCE FUND**

Under the School's fees in advance fund, contributors may enter into a contract to pay the school tuition fees in advance. The liability is valued at the balance sheet date but has been allocated assuming that students will remain in the school for the normal duration.

| **Fees in advance maturity analysis:** | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Above 5 Years | 82,734 | 109,953 |
| Between 2 to 5 years | 81,252 | 347,325 |
| Between 1 to 2 years | 300,924 | 641,206 |
| | 464,910 | 1,098,484 |
| Within 1 year | 632,361 | 1,140,484 |
| | £1,097,271 | £2,238,968 |

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13. **FUNDS (2025)**

| | Balance at 1 September 2024 | Income | Expenditure | Transfers | Balance at 31 August 2025 |
|---|---|---|---|---|---|
| | £ | £ | £ | | £ |
| **Unrestricted funds** | | | | | |
| General funds | 11,224,564 | 9,821,447 | (8,901,191) | 39,586 | 12,184,406 |
| **Restricted funds** | | | | | |
| Bursary fund | 100,000 | 159 | 0 | | 100,159 |
| Family fund | 66,800 | 7,204 | (35,000) | | 39,004 |
| School equipment fund | 39,738 | 291 | (443) | (39,586) | - |
| | £11,431,102 | £9,829,101 | £(8,936,634) | - | £12,323,569 |

The Restricted Bursary Fund comprises the balance of money raised and spent on bursaries.
The Restricted School Equipment Fund comprises donations to purchase school equipment.
The Restricted Family Fund comprises donations to provide fees assistance to families facing economic hardships.

| FUNDS (2024) | Balance at 1 September 2023 | Income | Expenditure | Balance at 31 August 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Unrestricted funds** | | | | |
| General funds | 10,579,260 | 9,641,680 | (8,996,376) | 11,224,564 |
| **Restricted funds** | | | | |
| Bursary fund | 153,437 | 6,665 | (60,102) | 100,000 |
| Family fund | 79,883 | 21,810 | (34,893) | 66,800 |
| School equipment fund | 39,738 | - | - | 39,738 |
| | £10,852,318 | £9,670,155 | £(9,091,371) | £11,431,102 |

| 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS (2025) | Unrestricted Funds | Restricted Funds | Total Funds |
|---|---|---|---|
| | £ | £ | £ |
| Fixed asset | 12,158,685 | - | 12,158,685 |
| Net current assets | 4,294,490 | 139,163 | 4,433,653 |
| Creditors due after more than one year | (4,268,769) | - | (4,268,769) |
| | £12,184,406 | £139,163 | £12,323,569 |

## 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS (2024) (Continued)

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|---|---|---|
| Fixed asset | 12,777,271 | - | 12,777,271 |
| Net current assets | 3,372,003 | 206,538 | 3,578,541 |
| Creditors due after more than one year | (4,835,710) | - | (4,835,710) |
| | £11,224,564 | £206,538 | £11,431,102 |

## 15. OTHER FINANCIAL COMMITMENTS

| | Land and buildings 2025 £ | 2024 £ |
|---|---|---|
| The future minimum lease payments under non-cancellable operating leases: | | |
| Within one year | 570,000 | 510,000 |
| Between two and five years | 3,000,000 | 2,040,000 |
| After more than 5 years | 600,000 | 1,820,630 |
| | £4,170,000 | £4,370,630 |

## 16. PENSION COSTS

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 £524,538 (2024: £529,714) and at the year-end £60,388 (2024 - £64,003) was accrued in respect of contributions to this scheme.

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

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

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

The School also contributes to a defined contribution scheme for its non-teaching staff. The pension charge for the period includes contributions payable of £169,730 (2024: £101,883) and at the year-end £19,609 (2024: £11,404) was accrued in respect of contributions to this scheme.

## 17. TAXATION

The company by virtue of its charitable status is exempt from taxation on its ordinary activities.

## 18. CONTROL

The charitable company does not have an ultimate controlling party.

## 19. CAPITAL COMMITMENT

There were £nil capital commitments at the 31 August 2025 (2024: £Nil).

## 20. RELATED PARTY TRANSACTIONS

There is one Governor with children attending the School during the year which pay fees at the same rate as other pupils.

## 21. STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

| | Unrestricted Funds 2024 £ | Restricted Funds 2024 £ | Total Funds 2024 £ | Total Funds 2023 £ |
|---|---|---|---|---|
| **INCOME FROM:** | | | | |
| **Charitable activities:** | | | | |
| School fee income | 9,475,146 | - | 9,475,146 | 8,858,140 |
| Other ancillary income | 11,147 | - | 11,147 | 13,173 |
| **Other trading activities:** | | | | |
| Rental income | 21,407 | - | 21,407 | 16,434 |
| **Investment income** | 90,623 | - | 90,623 | 39,560 |
| **Donations and grants** | 33,098 | 28,475 | 61,573 | 62,065 |
| **Other Income** | 10,259 | - | 10,259 | 20,262 |
| **TOTAL INCOME** | £9,641,680 | £28,475 | £9,670,155 | £9,009,634 |
| **EXPENDITURE ON:** | | | | |
| **Charitable activity:** | | | | |
| School Operating Costs: | | | | |
| Teaching costs | 4,971,400 | - | 4,971,400 | 4,468,242 |
| Welfare costs | 573,528 | - | 573,528 | 534,410 |
| Premises costs | 2,113,122 | - | 2,113,122 | 1,942,299 |
| Support costs of schooling | 1,000,014 | - | 1,000,014 | 999,219 |
| Grants, awards and prizes | 13,725 | 94,995 | 108,720 | 150,142 |
| | 8,671,789 | 94,995 | 8,766,784 | 8,094,312 |
| **Raising funds:** | | | | |
| Fundraising costs | 56,602 | - | 56,602 | 111,203 |
| Finance costs | 267,985 | - | 267,985 | 259,398 |
| **TOTAL EXPENDITURE** | £8,996,376 | £94,995 | £9,091,371 | £8,464,913 |
| **NET MOVEMENT IN FUNDS** | 645,304 | (66,520) | 578,784 | 544,721 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2022** | £10,579,260 | £273,058 | £10,852,318 | £10,307,597 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2023** | £11,224,564 | £206,538 | £11,431,102 | £10,852,318 |

**ARNOLD HOUSE SCHOOL LIMITED**

**DETAILED EXPENDITURE – MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 AUGUST 2025**

| | 2025<br>£ | 2024<br>£ |
|---|---|---|
| **TEACHING COSTS** | | |
| Teaching salary costs | 4,206,581 | 4,171,260 |
| Teaching materials | 145,524 | 151,427 |
| Music and drama | 13,404 | 27,027 |
| School supplies | - | 4,591 |
| School magazine | 4,000 | 16,108 |
| Computer maintenance and software | 36,666 | 94,634 |
| Training | 19,980 | 20,807 |
| Travel and entertainment | 21,770 | 7,827 |
| Sports fares and coach hire | 167,983 | 183,277 |
| Sports day and prize-giving expenses | 19,626 | 9,996 |
| Sundries | - | 748 |
| Cost of extras | 201,839 | 283,698 |
| | £4,837,373 | £4,971,400 |
| **WELFARE COSTS** | | |
| Catering costs | 527,738 | 555,983 |
| Laundry and cleaning | 2,830 | 14,420 |
| Equipment and sundries | 6,240 | 3,125 |
| | £536,808 | £573,528 |
| **PREMISES COSTS** | | |
| Staff costs | 198,933 | 226,189 |
| Cleaning | 181,581 | 186,912 |
| Rent | 510,109 | 504,370 |
| Insurance | 104,011 | 83,012 |
| Rates | 82,998 | 55,055 |
| Utilities | 175,652 | 193,318 |
| Depreciation | 674,552 | 626,359 |
| Repairs and maintenance | 180,716 | 159,267 |
| Garden and grounds | 19,751 | 31,599 |
| Sundry | 55 | 47,041 |
| | £2,128,358 | £2,113,122 |

| | 2025<br>£ | 2024<br>£ |
|---|---|---|
| **SUPPORT COSTS** | | |
| Administration staff costs | 610,190 | 625,604 |
| Pay Bureau | 5,971 | 8,180 |
| Printing, postage and stationery | 34,439 | 26,347 |
| Subscriptions | 12,965 | 20,526 |
| Recruitment | 27,732 | 34,979 |
| Computer support costs | 107,972 | 113,659 |
| Training | 11,281 | 10,517 |
| Legal, professional and consultancy | 183,902 | 126,611 |
| Bank charges | 4,916 | 2,823 |
| School website | 19,954 | 20,753 |
| Sundries | 76,775 | 10,015 |
| | £1,096,097 | £1,000,014 |
| **GRANTS, AWARDS AND PRIZES** | | |
| Grants, awards and prizes | - | 48,618 |
| Funded bursaries | 35,000 | 60,102 |
| | £35,000 | £108,720 |
| **FUNDRAISING COSTS** | | |
| Staff costs | 30,752 | 29,834 |
| Other costs | 14,717 | - |
| Marketing and publishing | 44,056 | 26,768 |
| | £89,525 | £56,602 |
| **FINANCE COSTS –** bank interest | £213,473 | £267,985 |
| **TOTAL** | £8,936,634 | £9,091,371 |

**ARNOLD HOUSE SCHOOL LTD**

England & Wales - Charity number 312725

# Accounts

# ARNOLD HOUSE SCHOOL LIMITED
**(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**YEAR ENDED**

**31 AUGUST 2024**

**HaysMac LLP**
**Chartered Accountants**
**Registered Auditors**

**Registered Company Number: 00889424**
**Registered Charity Number: 312725**

**ARNOLD HOUSE SCHOOL LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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**DIRECTORS**

The Directors of the company who served during the year and since year end were:

Rev Dr A K Bergquist
H M Burgess
C M S Douglass
E J De Freitas
M A Sahni
G J Savage
M Grenier
S. Honey
J H Zehner
T Nicholson (Appointed October 2023)
J Stowell (Appointed October 2023)
L.L Newton (Appointed October 2024)

| | |
|---|---|
| **REGISTERED OFFICE** | 1 Loudoun Road<br>St John's Wood<br>London<br>NW8 0LH |
| **AUDITORS** | HaysMac LLP<br>Chartered Accountants<br>10 Queen Street Place<br>London<br>EC4R 1AG |
| **BANKERS** | The Royal Bank of Scotland Plc<br>48 Haymarket<br>London<br>SW1Y 4SE |
| **SOLICITORS** | Veale Wasbrough Vizards<br>24 King William Street<br>London<br>EC4R 9AT |

**KEY PERSONNEL**

| | |
|---|---|
| Headmaster | G Tollit |
| Bursar/Company Secretary | E Winter (From 8 February 2024)<br>M Davis (31 August 2024 to 7 February 2024) |
| Deputy Headmaster (Academic) | J Hill |
| Deputy Headmaster (Pastoral) | S Stones |
| Head of Pre-Prep | V McKenzie |

**REGISTERED COMPANY NUMBER**: 00889424

**REGISTERED CHARITY NUMBER**: 312725

The Governors, who are also directors of the company and charity trustees, have pleasure in submitting their report and audited financial statements for the year ended 31 August 2024.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

Arnold House School Limited is a company limited by guarantee and a Registered Charity governed by its Memorandum and Articles of Association.

New Governors are appointed by the Governing Body on the recommendation of a nominations committee selected by the Chair. Suitable candidates are sought to meet the need to maintain the best possible balance of relevant skills, expertise and experience on the School's Governing Body. The Finance Committee meets at least once a term to receive updates from the Headmaster and Bursar, to review the School's finances and make recommendations to the full Board of Governors. The Governing Body reviews the recommendations of the Finance Committee which are considered and approved, major issues discussed and policy decisions agreed. Visits from Governors to the School to observe lessons and be updated by the Headmaster, Bursar and Senior staff occur at least termly. Termly meetings also occur between designated Governors, the Academic and Pastoral committees, Health and Safety and Fundraising Development representatives. Governors are encouraged to regularly attend external training courses. Regular updates come from the Clerk and AGBIS.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster, Bursar, the two Deputy Headmasters and the Head of Pre-Prep. Remuneration of these key management personnel is set by the Board, in conjunction with the Headmaster, for the Bursar, Deputy Headmasters and Head of Pre-Prep, using a number of criteria such as nature of role and responsibilities, sector salaries as indicated by various benchmarks, and other market reports, cost of living increases and trends in pay.

## OBJECTIVES AND ACTIVITIES

The Company, which is constituted as an Educational Charitable Trust, has continued its business of providing preparatory school education throughout the year. The School's primary objective is to educate boys aged 4 to 13 in the broadest sense and to equip them with the academic skills, confidence and well roundedness that ensures they flourish at their chosen senior schools and beyond.

We aim to:

- encourage and support boys in upholding the School's strong academic traditions and to prepare them for successful transfer to their chosen senior school at the age of 13
- serve the best interest of all pupils in a supportive, purposeful and stimulating learning environment
- promote good citizenship through the virtues of courtesy and industry and provide a foundation for boys' spiritual, moral, social and cultural development
- help boys mature in a well-rounded way by developing their understanding, experience and enjoyment of music, the arts, sport and a wide range of extra-curricular activities
- engender in the boys a love of learning and a self-confidence in their abilities that will prepare them for a lifetime of learning

## OBJECTS

To acquire and carry on in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes.

**2023/24 Achievements and Performance**

Academic performance was strong, whether that was in senior school admissions assessments or within the mainstream academic subjects: Arnold House boys placed highly in the Junior Maths Challenge and the Townsend Warner History Prize, as well as winning plaudits in events for Debating, Story Writing and a Poetry Slam.

Many off-site visits offered the boys first-hand experiences to enrich their learning. Trips were taken to Verulamium, Kew Gardens, Regents Park Mosque, various theatre trips, museums, including a Genetics exhibition. We also held a wide programme of workshops to build on knowledge gained in the classroom, as well as personal development: in Science (Electricity, Forensics), History (Ancient Egypt, Victorian life, Great Fire of London), Maths, Mental Wellbeing, Teamwork and Travel Safety.

The sports programme was especially strong and at the end of the football season, we once again celebrated that AH teams are more often victorious than not, winning almost 60% of our matches; team of the season was a tie between the 1st XI and the Colts B team. The team sports of football, rugby, hockey, cricket and tennis were enhanced by cross country, basketball, swimming, golf, riding, and athletics.

Book Week was a resounding success, with boys of all ages enjoying stories, workshops and a dress-up day. During our dedicated Mental Health Week, we explored themes of well-being, fostering open communication and providing valuable resources to help our young men recognise healthy habits. Our Citizenship week focused on how boys can contribute to their communities: at school, at home and in the wider world. Our ongoing charitable activities raised substantial funds for our charity partners, chosen by the boys: St John's Hospice, Sufra Food Bank and Refugee Education UK.

Music and Drama continue to play a vital part of school life, providing all boys with regular opportunities to perform: all year groups perform a play, with Year 7 participating in the Schools Shakespeare Festival. We also enjoyed a total of nine musical concerts across the year.

Residential trips remain an important part of our curriculum: Year 8 enjoyed a French Trip to Burgundy, a sports trip to Belfast and a visit to the battlefields of Belgium and France; Year 7 visited the Bay of Naples; Years 5 and 6 embarked on a memorable educational expedition to Devon. Year 4 held an overnight camp at Canons Park after a day of team-building activities.

**2024 Leavers' Destinations**

At 13+

- Westminster x 6
- St Paul's x 5
- Mill Hill x 5
- Eton x 2 (with a Music Scholarship)
- Merchant Taylors x 2 (with two Sports Scholarships)
- Wetherby x 2
- City of London
- Dulwich
- Eaton Square
- Sevenoaks
- St Edward's
- Tonbridge

At 11+

- Aldenham
- Belmont Mill Hill
- Haberdashers'
- JCOS
- St Clement Danes

Arnold House continues to collaborate with a number of schools: a partnership with Queens College Prep School has begun, providing a platform for shared events and workshops. Staff training with other schools was a great success and our Canons Park facilities are available for community use especially for Sports events; schools include Christ Church Primary School in Camden and Sarum Hall. Bursaries (100%) continue to be provided for pupils in Years 5 to 8.

A very successful calendar of community events included a parents Quiz Night, the Summer Fair, sports festivals each term and many events for parents on site through the year. Our 24hr fundraising Dramathon saw us reach our target in support of the refurbishment of the theatre.

**Bursaries**

We have provided five 100% bursary places this year funded through a combination of the School's fee income and donations from the Arnold House community.

Bursaries were given in the year to the value of £124,665 (2023: £163,884).

The Family Fund:

The School was extremely grateful for the generosity shown by our community in supporting those AH families whose income was affected by Covid-19. In the year to 31 August 2024 a total of £21,810 (2023: £28,508) was raised which will go towards fee assistance for those in need.

**Public Benefit**

The Governors confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the School.

Locally, relationships have been developed with Sarum Hall and Queens College Prep School. Both schools made use of the facilities at Canons Park for their Sports Day. The school continues to support St John's Wood Church, St Cyprian's and St John's Hackney and the boys and parents took part in the annual Christmas Gift Bag drive which continues to be a huge success. The School has also continues to develop a relationship with a local Food Bank - Sufra NW London and has completed a number of successful Food Drives throughout the year. More recently a relationship is being developed with Refugee Education UK and funds were raised by the community towards the launch of a new education hub in Harlesden. During the course of the year, the school donated classroom furniture and teaching aids to Child Action Lanka in Sri Lanka as well as donating soft furnishings, a book corner and books to a local school.

**Raising money for charity:**

Over the year, the boys, staff and parents raised awareness and support for a number of charities, including St John's Hospice, Sufra Food Bank and REUK. Activities performed to raise charity funds included:

- Autumn term Charity Day – Blue & Green (Funds raised for Sufra NW London)
- Spring Term Charity Day – World Book Day (Funds raised for REUK)
- Summer Term Charity Day – Euro Theme (Funds raised for St John's Hospice)

The total raised for charity this academic year was: £15,928 through the following termly activities:

| **Charity Money Raised** | | |
|---|---|---|
| **Charity Organisation** | **2023-2024** | **2022-2023** |
| St John's Hospice | £4,884 | £200 |
| REUK | £6,787 | £5,735 |
| Combined charities | - | £7,472 |
| Sufra NW London | £4,257 | £6,525 |
| **Total** | **£15,928** | **£19,932** |

## FINANCIAL REVIEW

The School's main income is from fees which amounted to £9,475,146 (2023: £8,858,140) in the year, a 7% increase due to higher student numbers and a 6.5% rise in fees. Bursaries and staff fee discounts amounted to £157,911 (2023: £195,102).

Parents, old boys and others associated with the School made donations of £61,573 (2023: £62,065) in the year, which includes donations of £6,665 (2023: £12,657) to the bursary fund. Following funding of £60,102 (2023: £109,256) for bursaries in the year the closing balance on the bursary fund was £100,000).

School operating costs increased by 7.4% in the year to £9,091,371 (2023: £8,464,913). Staff costs were £5,052,887 (2023: £4,593,810). The increase is due mainly to increase in employees, salary awards and one-off payments. Other cost increases were mainly due to general inflationary uplifts. An increase in interest rates resulted in higher interest payments during the year.

The net income from operations for the year was £578,784 (2023: £544,721). The School aims to achieve an annual surplus to ensure that there are sufficient reserves to manage the School on a prudent financial basis and to provide funds for future capital expenditure.

### Reserves Policy

The Governors review the reserves policy annually. The key objective of the policy is to ensure the long-term financial stability of the School whilst maintaining sufficient liquid reserves to meet short-term financial obligations in the event of unexpected income shortfall or unforeseen expenses.

As at 31 August 2024, the total funds of the School were £11,431,102 (2023: £10,852,318) made up of unrestricted funds of £11,224,564 (2023: £10,579,260) and restricted funds of £206,538 (2023: £273,058). The movement in funds are shown in note 13 to the accounts.

At the year end free reserves, calculated as unrestricted funds less net book value of fixed assets, amounted to a negative balance of £1,552,707 (2023: negative balance of £2,549,954). This negative position is a consequence of the strategic decision made in 2021 to purchase the pre-prep building at Marlborough Place. The purchase was financed partly through reserves and partly through a £4,900,000 bank loan. The Governors are committed to building up reserves over the long-term whilst continuing to invest in the ongoing development of the School's educational provision and infrastructure.

The Governors have determined that the School should hold minimum cash reserves equivalent to approximately three months budgeted operating expenditure. The Governors regularly monitor the School's cash position to ensure compliance with the minimum target. The year-end cash balance was £6,428,690 (2023: £4,213,074) exceeding the minimum reserves requirement in both years.

### Risk Review

The Governors have assessed the major risks to which the School is exposed and are satisfied that systems are in place to mitigate the School's exposure to the major risks. Such risks are reviewed on a regular basis in order to mitigate any impact that they may have on the School in the future.

The Governors consider that the major risks to which the School is currently exposed are:

- The introduction of VAT on tuition fees for independent schools along with increased financial pressures resulting from changes in Government policies and higher inflationary costs
- An increase in Teachers' Pension Scheme contributions
- A fall in pupil numbers
- A major external disruptive event such as a terrorist attack, pandemic or other health related crisis
- The reputational impact of an incident related to safeguarding, health and safety, or cyber security

The key controls include:

- Review of the business model to achieve savings and cost efficiencies
- An enhanced marketing strategy along with the expanded use of social media
- Introduction of alternative pension options
- Establishment of a Remuneration Committee to conduct salary reviews and benchmarking
- Conduct regular health and safety/safeguarding training, review Emergency Response Plan annually, establish IT controls and improve backup systems

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

## PLANS FOR THE FUTURE

For the start of the 2024/25 academic year, Senior Management roles were reviewed and refocused. Going forward, the Senior Management Team will consist of:

- Headmaster, Deputy Headmaster, Head of Pre-Prep and Director of Finance
- Director of Teaching and Learning
- Director of Co-Curricular Activities
- Director of Wellbeing
- Director of Citizenship
- Director of Senior School Admissions
- Director of Staff Development

The new senior management responsibilities will continue to ensure the best possible outcomes for every boy, through policy development and implementation, using pupil voice and monitoring progress towards our aims.

A new Head of Safeguarding has also been appointed and a new Safeguarding team will be established; the CPOMS online platform will be established to bring the quality of record-keeping and the transfer of information to the highest level.

In 2024/25, we will also expect to undertake:

- Completion of the Theatre upgrade at Canons Park, to include lighting and sound, projection, staging, curtains and flooring.
- The relocation of the Year 8 common room indoors and adjacent to their classrooms; this can be furnished and resourced more successfully for the needs of our oldest boys when not in the classroom.
- The creation of an indoor games and puzzles room in the outdoor Clockhouse building, giving boys a wider range of breaktime activities.
- The start of a wider redesign of the upper Prep playground area, to include new climbing frames and physical play resources.
- Refurbishment of two more classrooms at the Prep School.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Arnold House School Limited for the purposes of company law) are responsible for preparing the Governors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## AUDITORS

On 18 November 2024 the company's auditor changed its name from Haysmacintyre LLP to HaysMac LLP.

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

Governors' Report, incorporating a Strategic Report, approved by the Board of Governors on 15 May 2025 and signed on its behalf by:



M Sahni
Chair of Finance Committee
Date: 15 May 2025

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

In our opinion, the financial statements:

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

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

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

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

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

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

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

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

**Responsibilities of Governors for the financial statements**
As explained more fully in the Statement of Governors' Responsibilities set out on page 8, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to The Education (Independent School Standards) Regulations 2014, safeguarding regulations, health and safety law, GDPR, employment law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for Charities (SORP 2019) and payroll tax.

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

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

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

irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tracey Young (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

**Date:** 22 May 2025

**ARNOLD HOUSE SCHOOL LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 AUGUST 2024**

| | Notes | Unrestricted Funds 2024 £ | Restricted Funds 2024 £ | Total Funds 2024 £ | Total Funds 2023 £ |
|---|---|---|---|---|---|
| **INCOME FROM:** | | | | | |
| **Charitable activities:** | | | | | |
| School fee income | 3 | 9,475,146 | - | 9,475,146 | 8,858,140 |
| Other ancillary income | | 11,147 | - | 11,147 | 13,173 |
| **Other trading activities:** | | | | | |
| Rental income | | 21,407 | - | 21,407 | 16,434 |
| **Investment income** | 4 | 90,623 | - | 90,623 | 39,560 |
| **Donations and grants** | 5 | 33,098 | 28,475 | 61,573 | 62,065 |
| **Other Income** | | 10,259 | | 10,259 | 20,262 |
| **TOTAL INCOME** | | 9,641,680 | 28,475 | 9,670,155 | 9,009,634 |
| **EXPENDITURE ON:** | | | | | |
| **Charitable activity:** | | | | | |
| School Operating Costs: | | | | | |
| Teaching costs | | 4,971,400 | - | 4,971,400 | 4,468,242 |
| Welfare costs | | 573,528 | - | 573,528 | 534,410 |
| Premises costs | | 2,113,122 | - | 2,113,122 | 1,942,299 |
| Support costs of schooling | | 1,000,014 | - | 1,000,014 | 999,219 |
| Grants, awards and prizes | | 13,725 | 94,995 | 108,720 | 150,142 |
| | | 8,671,789 | 94,995 | 8,766,784 | 8,094,312 |
| **Raising funds:** | | | | | |
| Fundraising costs | | 56,602 | - | 56,602 | 111,203 |
| Finance costs | | 267,985 | - | 267,985 | 259,398 |
| **TOTAL EXPENDITURE** | 6 | 8,996,376 | 94,995 | 9,091,371 | 8,464,913 |
| **NET MOVEMENT IN FUNDS** | | 645,304 | (66,520) | 578,784 | 544,721 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2023** | | 10,579,260 | 273,058 | 10,852,318 | 10,307,597 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2024** | 13 | **£11,224,564** | **£206,538** | **£11,431,102** | **£10,852,318** |

All disclosures relate only to continuing operations.
All recognised gains and losses are shown in the Statement of Financial Activities.
The comparative Statement of Financial Activities is shown in Note 21.
The notes on pages 15 to 25 form part of these financial statements.

## BALANCE SHEET

## AS AT 31 AUGUST 2024

| | Notes | 2024 | | 2023 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 8 | | 12,777,271 | | 13,129,214 |
| | | | 12,777,271 | | 13,129,214 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 5,019 | | 5,019 | |
| Debtors | 9 | 2,130,153 | | 2,015,480 | |
| Cash at bank and in hand | | 6,428,690 | | 4,213,074 | |
| | | 8,563,862 | | 6,233,573 | |
| **CREDITORS: Amounts falling due within one year** | 10 | (4,985,321) | | (3,988,285) | |
| **NET CURRENT ASSETS** | | | 3,578,541 | | 2,245,288 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 16,355,812 | | 15,374,502 |
| **CREDITORS: Amounts falling due after one year** | 11 | | (4,924,710) | | (4,522,184) |
| **TOTAL NET ASSETS** | | | **£11,431,102** | | **£10,852,318** |
| **FUNDS** | | | | | |
| Unrestricted | 13 | | 11,224,564 | | 10,579,260 |
| Restricted | 13 | | 206,538 | | 273,058 |
| | | | **£11,431,102** | | **£10,852,318** |

The financial statements were approved and authorised for issue by the board on 15 May 2025 and were signed below on its behalf by:



……
**M Sahni**
Governor
Date: 15 May 2025

The notes on pages 15 to 25 form part of these financial statements.

**ARNOLD HOUSE SCHOOL LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2024**

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Reconciliation of net cash inflow from operations** | | | | |
| Net movement in funds | 578,784 | | 544,721 | |
| Depreciation | 626,359 | | 608,736 | |
| Interest received | (90,623) | | (39,560) | |
| Interest paid | 267,985 | | 259,398 | |
| Increase in debtors | (114,673) | | (71,238) | |
| Decrease in creditors | (126,678) | | 354,438 | |
| **Net cash flow from operations** | | 1,141,154 | | 1,656,495 |
| **Cash flows from investing activities** | | | | |
| Interest received | 90,623 | | 39,560 | |
| Purchase of tangible assets | (274,416) | | (479,693) | |
| **Net cash (used in)/provided by investing activities** | | (183,793) | | (440,133) |
| **Cash flows from financing activities** | | | | |
| Loan repayments | (712,728) | | (942,688) | |
| Interest paid | (267,985) | | (259,398) | |
| **Net cash used in financing activities** | | (980,713) | | (1,202,086) |
| **Fees in advance** | | | - | |
| Fees In Advance Fund | 2,238,968 | | - | |
| **Net cash provided by fees in advance** | | 2,238,968 | | - |
| **Increase in cash** | | 2,215,616 | | 14,276 |
| **Cash and cash equivalents at the beginning of the period** | | 4,213,074 | | 4,198,798 |
| **Cash and cash equivalents at the end of the period** | | **£6,428,690** | | **£4,213,074** |
| **Analysis of cash and cash equivalents** | | | | |
| Cash at bank | | **£6,428,690** | | **£4,213,074** |

| **Analysis of changes in net funds** | **At 1 September 2023** | **Cash flows** | **Other movements** | **At 31 August 2024** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 4,213,074 | 2,215,616 | - | 6,428,690 |
| Fees in advance | - | (2,238,968) | - | (2,238,968) |
| Short term borrowings | (69,866) | 712,728 | (706,957) | (64,095) |
| Long term borrowings | (3,780,183) | - | 706,957 | (3,073,226) |
| **Net funds** | **£363,025** | **£689,376** | **-** | **£1,052,401** |

## 1. ACCOUNTING POLICIES

**Accounting Convention**
The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 2019. The financial statements are prepared under the historical cost convention. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**
Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Governors do not consider there to be any material uncertainties relating to going concern.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**
Fees receivable represent fees less bursaries and allowances, and other income derived from the School's continuing activities and are recognised as the service is provided.

Donations are accounted for on a receivable basis, when the conditions of entitlement, probability and measurement are met. Those received under Gift Aid are grossed up for the tax recoverable.

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

**Expenditure**
Expenditure is accounted for on an accruals basis as soon as a liability is considered probable.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

## 1. ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**
All fixed assets with a cost of more than £1,000 are capitalised at cost including those purchased from donations received for that purpose. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:-

| | |
|---|---|
| Freehold property | - 2½-20% per annum |
| Leasehold property | - over the term of the lease |
| Fixtures, fittings and equipment | - 20% per annum |
| Computer equipment | - 33 $^{1}/_{3}$% per annum |
| Motor vehicles | - 25% per annum |

Costs relating to No 1 and No 3 Loudoun Road, are being amortised on a straight-line basis over the duration of the respective leases.

**Financial instruments**
Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*
Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

*Debtors and creditors*
Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Pension**
The teaching staff are members of the Department for Education's superannuation scheme, run by Teacher's Pensions. This is a multi-employer defined benefit scheme where the School is unable to identify its share of the underlying assets and liabilities. The scheme has been accounted for as defined contribution scheme as permitted by section 28 of FRS102 and contributions are accounted for when advised as due.

Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

**Leases and hire purchase contracts**
Rentals paid under operating leases are charged to the Statement of Financial Activities evenly over the period of the lease.

**Fees Received in Advance Fund**
Fees that are received in advance based on signed agreement between the school and parents are recognised as a liability. These fees will be recognised in the year when the fees are utilised by the pupils.

**Funds**
Unrestricted Funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which are available for use at the discretion of the Governors in furtherance of the general objectives of the School.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## 2. STATUS

The company is constituted as an Educational Charitable Trust (Charity Registered number 312725) and is limited by guarantee (Company Registration number 0889424). The liability of each member is limited to an amount not exceeding £1. The members are the Governors of the School. At 31 August 2024 the number of members were 11, and at the date of approval of the accounts the number was 12. The School's registered office address is: 1 Loudoun Road, St John's Wood, London, NW8 0LH.

## 3. FEE INCOME

| | 2024 £ | 2023 £ |
|---|---|---|
| Gross tuition fees | 9,117,836 | 8,528,611 |
| Less: bursaries | (124,665) | (163,884) |
| Less: staff discounts | (33,246) | (31,218) |
| | 8,959,925 | 8,333,509 |
| Add: bursaries funded by restricted funds | 60,102 | 109,256 |
| Net tuition fees | 9,020,027 | 8,442,765 |
| Registration fees | 22,780 | 15,500 |
| Other fees and extras | 432,339 | 399,875 |
| | £9,475,146 | £8,858,140 |

## 4. INVESTMENT INCOME

| | 2024 £ | 2023 £ |
|---|---|---|
| Interest receivable | 90,623 | 39,560 |
| | £90,623 | £39,560 |

## 5. DONATION AND GRANT INCOME

| | 2024 £ | 2023 £ |
|---|---|---|
| Bursary fund donations | 6,665 | 12,657 |
| Family fund donations | 21,810 | 28,508 |
| Other donations | 33,098 | 20,900 |
| | £61,573 | £62,065 |

## 6 TOTAL EXPENDITURE (2024)

| | Staff Costs | Other Costs | Depreciation | Total 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Charitable activity:** | | | | |
| Teaching costs | 4,171,260 | 800,140 | - | 4,971,400 |
| Welfare costs | - | 573,528 | - | 573,528 |
| Premises costs | 226,189 | 1,260,574 | 626,359 | 2,113,122 |
| Support costs of schooling | 625,604 | 374,410 | - | 1,000,014 |
| Grants, awards and prizes | - | 108,720 | - | 108,720 |
| **Raising funds:** | | | | |
| Fundraising costs | 29,834 | 26,768 | - | 56,602 |
| Finance Costs - Interest payable | - | 267,985 | - | 267,985 |
| | £5,052,887 | £3,412,125 | £626,359 | £9,091,371 |

| **Governance included in support costs:** | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Auditors' remuneration – audit of the financial statements (including VAT) | 22,100 | 20,640 |
| Auditors' remuneration – preparation of the financial statements (including VAT) | 2,820 | 2,580 |

## TOTAL EXPENDITURE (2023)

| | Staff Costs | Other Costs | Depreciation | Total 2023 |
|---|---|---|---|---|
| **Charitable activity** | £ | £ | £ | £ |
| Teaching costs | 3,760,550 | 707,692 | - | 4,468,242 |
| Welfare costs | - | 534,410 | - | 534,410 |
| Premises costs | 188,787 | 1,144,776 | 608,736 | 1,942,299 |
| Support costs | 614,038 | 385,181 | - | 999,219 |
| Grants, awards & prizes | - | 150,142 | - | 150,142 |
| **Raising funds** | | | | |
| Fundraising costs | 30,435 | 80,768 | - | 111,203 |
| Finance costs - interest payable | - | 259,398 | - | 259,398 |
| | £4,593,810 | £3,262,367 | £608,736 | £8,464,913 |

## 7. STAFF COSTS

| The average number of employees during the year excluding Governors was: | 2024 | 2023 |
|---|---|---|
| Teachers | 66 | 65 |
| Non-teachers | 16 | 16 |
| | 82 | 81 |

| STAFF COSTS (continued) | 2024 £ | 2023 £ |
|---|---|---|
| Staff costs during the year amounted to: | | |
| Wages and salaries | 4,032,625 | 3,674,093 |
| Social security costs | 388,664 | 353,159 |
| Other pension costs | 631,598 | 566,558 |
| | £5,052,887 | £4,593,810 |

| | 2024 Number | 2023 Number |
|---|---|---|
| The number of employees where emoluments exceeded £60,000 were: | | |
| £60,000 - £70,000 | 10 | 7 |
| £70,000 - £80,000 | 3 | 6 |
| £80,000 - £90,000 | 1 | - |
| £90,000 -£100,000 | 1 | 2 |
| £150,000 - £160,000 | 1 | 2 |

Total remuneration of key management personnel for the year ended 31 August 2024 was £660,078 (2023: £594,672). During the year there were redundancy or termination payments totalled £18,896 (2023: £83,032).

No remuneration is payable to any Governors. No expenses were reimbursed to governors in the year (2023: £Nil).

## 8 TANGIBLE FIXED ASSETS

| | Land and buildings | Fixtures Fittings and Computer Equipment | Motor Vehicles | Total |
|---|---|---|---|---|
| **COST** | £ | £ | £ | £ |
| At 1 September 2023 | 20,163,012 | 1,619,919 | 68,579 | 21,851,510 |
| Additions | 111,556 | 162,860 | - | 274,416 |
| At 31 August 2024 | 20,274,568 | 1,782,779 | 68,579 | 22,125,926 |
| **DEPRECIATION** | | | | |
| At 1 September 2023 | 7,307,076 | 1,346,641 | 68,579 | 8,722,296 |
| Charge for year | 536,771 | 89,588 | - | 626,359 |
| At 31 August 2024 | 7,843,847 | 1,436,229 | 68,579 | 9,348,655 |
| **NET BOOK VALUE** | | | | |
| At 31 August 2024 | £12,430,721 | £346,550 | - | £12,777,271 |
| At 1 September 2023 | £12,855,936 | £273,278 | - | £13,129,214 |

| 8. TANGIBLE FIXED ASSETS (continued) | 2024 £ | 2023 £ |
|---|---|---|
| Land and buildings at net book value comprise | | |
| Freehold property | 10,953,453 | 11,230,216 |
| Leasehold property | 1,477,268 | 1,625,720 |
| | £12,430,721 | £12,855,936 |

| 9. DEBTORS | 2024 £ | 2023 £ |
|---|---|---|
| Fees and charges receivable | 1,821,782 | 1,846,474 |
| Other debtors | 39,252 | - |
| Prepayments and accrued income | 269,119 | 169,006 |
| | £2,130,153 | £2,015,480 |

| 10. CREDITORS: Amounts falling due within one year | 2024 £ | 2023 £ |
|---|---|---|
| Bank loan (see note 12(a)) | 64,095 | 69,866 |
| Trade creditors | 252,793 | 370,221 |
| Fees received in advance of autumn term | 3,162,024 | 3,136,223 |
| Fees In Advance Fund (Note 12(b)) | 1,140,484 | - |
| Fee deposits | 89,000 | 56,000 |
| Other creditors | 114,797 | 67,882 |
| Accruals | 68,554 | 200,617 |
| Social security and other taxes | 93,574 | 87,476 |
| | £4,985,321 | £3,988,285 |

| 11. CREDITORS: Amounts falling due after one year | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Fee deposits | 753,000 | 742,000 |
| Fees In Advance Fund (see note 12(b)) | 1,098,484 | - |
| Bank loan (see note 12(a)) | 3,073,226 | 3,780,183 |
| | £4,924,710 | £4,522,183 |

| 12(a) BANK LOANS | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Bank loan maturity analysis** | | |
| Amounts falling due within one year | 64,094 | 69,866 |
| Amounts falling due 1-2 years | 68,933 | 75,290 |
| Amounts falling due 2-5 years | 239,624 | 262,789 |
| Amounts falling due more than 5 years | 2,764,669 | 3,442,104 |
| | £3,137,320 | £3,850,049 |

The School obtained a bank loan of £4,900,000 on 25 November 2021 in order to finance the purchase of Marlborough House, 38 Marlborough Place, NW8 0PE. The loan is repayable in 288 consecutive monthly instalments representing principal and interest commencing on 25 December 2022. The rate of interest payable on the loan is the Base Rate plus an interest margin of 2.30% per annum. The final repayment date is 25 November 2045.

The School made a voluntary overpayment of £650,000 (2023: £750,000) during the year.

As part of the terms of the loan, Lloyds Bank have first legal charges over the freehold land and buildings at Arnold House School and at Marlborough House.

**12 (b) FEES IN ADVANCE FUND**

Under the School's fees in advance fund, contributors may enter into a contract to pay to the school tuition fees in advance. The liability is valued at the balance sheet date but has been allocated assuming that students will remain in the school for the normal duration.

| **Fees in advance maturity analysis:** | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Above 5 Years | 109,953 | - |
| Between 2 to 5 years | 347,325 | - |
| Between 1 to 2 years | 641,206 | - |
| | 1,098,484 | - |
| Within 1 year | 1,140,484 | - |
| | £2,238,968 | - |

The above balance represents only new fees in advance agreements entered into in the current year.

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**13. FUNDS (2024)**

| | Balance at 1 September 2023 | Income | Expenditure | Balance at 31 August 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Unrestricted funds** | | | | |
| General funds | 10,579,260 | 9,641,680 | (8,996,376) | 11,224,564 |
| **Restricted funds** | | | | |
| Bursary fund | 153,437 | 6,665 | (60,102) | 100,000 |
| Family fund | 79,883 | 21,810 | (34,893) | 66,800 |
| School equipment fund | 39,738 | - | - | 39,738 |
| | £10,852,318 | £9,670,155 | £(9,091,371) | £11,431,102 |

The Restricted Bursary Fund comprises the balance of money raised and spent on bursaries.
The Restricted School Equipment Fund comprises donations to purchase school equipment.
The Restricted Family Fund comprises donations to provide fees assistance to families facing economic hardships.

**FUNDS (2023)**

| | Balance at 1 September 2022 | Income | Expenditure | Balance at 31 August 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Unrestricted funds** | | | | |
| General funds | 9,987,348 | 8,947,569 | (8,355,657) | 10,579,260 |
| **Restricted funds** | | | | |
| Bursary fund | 250,036 | 12,657 | (109,256) | 153,437 |
| Family fund | 51,375 | 28,508 | - | 79,883 |
| School equipment fund | 18,838 | 20,900 | - | 39,738 |
| | £10,307,597 | £9,009,634 | £(8,464,913) | £10,852,318 |

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS (2024)**

| | Unrestricted Funds | Restricted Funds | Total Funds |
|---|---|---|---|
| | £ | £ | £ |
| Fixed asset | 12,777,271 | - | 12,777,271 |
| Net current assets | 3,372,003 | 206,538 | 3,578,541 |
| Creditors due after more than one year | (4,835,710) | - | (4,835,710) |
| | £11,224,564 | £206,538 | £11,431,102 |

| 14 ANALYSIS OF NET ASSETS BETWEEN FUNDS (2023) (Continued) | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|---|---|---|
| Fixed asset | 13,129,214 | - | 13,129,214 |
| Net current assets | 1,972,230 | 273,058 | 2,245,288 |
| Creditors due after more than one year | (4,522,184) | - | (4,522,184) |
| | £10,579,260 | £273,058 | £10,852,318 |

## 15. OTHER FINANCIAL COMMITMENTS

| | Land and buildings 2024 £ | Land and buildings 2023 £ |
|---|---|---|
| The future minimum lease payments under non-cancellable operating leases: | | |
| Within one year | 510,000 | 510,000 |
| Between two and five years | 2,040,000 | 2,040,000 |
| After more than 5 years | 1,820,630 | 2,330,630 |
| | £4,370,630 | £4,880,630 |

## 16. PENSION COSTS

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 £529,714 (2023: £494,323) and at the year-end £64,003 (2023 - £40,933) was accrued in respect of contributions to this scheme.

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

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

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

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

The School also contributes to a defined contribution scheme for its non-teaching staff. The pension charge for the period includes contributions payable of £101,883 (2023: £72,235) and at the year-end £11,404 (2023: £6,138) was accrued in respect of contributions to this scheme.

## 17. TAXATION

The company by virtue of its charitable status is exempt from taxation on its ordinary activities.

## 18. CONTROL

The charitable company does not have an ultimate controlling party.

## 19. CAPITAL COMMITMENT

There were £nil capital commitments at the 31 August 2024 (2023: £Nil).

## 20. RELATED PARTY TRANSACTIONS

There are two Governors with children attending the School during the year which pay fees at the same rate as other pupils.

## 21. STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

| | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
|---|---|---|---|---|
| **INCOME FROM:** | | | | |
| **Charitable activities:** | | | | |
| School fee income | 8,858,140 | - | 8,858,140 | 7,924,693 |
| Other ancillary income | 13,173 | - | 13,173 | 10,010 |
| **Other trading activities:** | | | | |
| Rental income | 16,434 | - | 16,434 | 17,724 |
| **Investment income** | 39,560 | - | 39,560 | 5,799 |
| **Donations and grants** | - | 62,065 | 62,065 | 44,319 |
| **Other Income** | 20,262 | - | 20,262 | 160,998 |
| **TOTAL INCOME** | £8,947,569 | £62,065 | £9,009,634 | £8,163,543 |
| **EXPENDITURE ON:** | | | | |
| **Charitable activity:** | | | | |
| School Operating Costs: | | | | |
| Teaching costs | 4,468,242 | - | 4,468,242 | 4,246,671 |
| Welfare costs | 534,410 | - | 534,410 | 497,294 |
| Premises costs | 1,942,299 | - | 1,942,299 | 1,991,724 |
| Support costs of schooling | 999,219 | - | 999,219 | 867,371 |
| Grants, awards and prizes | 40,886 | 109,256 | 150,142 | 86,068 |
| | 7,985,056 | 109,256 | 8,094,312 | 7,689,128 |
| **Raising funds:** | | | | |
| Fundraising costs | 111,203 | - | 111,203 | 122,923 |
| Finance costs | 259,398 | - | 259,398 | 140,956 |
| **TOTAL EXPENDITURE** | £8,355,657 | £109,256 | £8,464,913 | £7,953,007 |
| **NET MOVEMENT IN FUNDS** | 591,912 | (47,191) | 544,721 | 210,536 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2022** | £9,987,348 | £320,249 | £10,307,597 | £10,097,061 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2023** | £10,579,260 | £273,058 | £10,852,318 | £10,307,597 |

**ARNOLD HOUSE SCHOOL LIMITED**

**DETAILED EXPENDITURE – MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 AUGUST 2024**

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| **TEACHING COSTS** | | |
| Teaching salary costs | 4,171,260 | 3,760,550 |
| Teaching materials | 151,427 | 180,175 |
| Music and drama | 27,027 | 35,960 |
| School supplies | 4,591 | 7,035 |
| School magazine | 16,108 | 25,945 |
| Computer maintenance and software | 94,634 | 65,379 |
| Training | 20,807 | 9,228 |
| Travel and entertainment | 7,827 | 28,256 |
| Sports fares and coach hire | 183,277 | 162,582 |
| Sports day and prize-giving expenses | 9,996 | 5,473 |
| Sundries | 748 | 1,587 |
| Cost of extras | 283,698 | 186,072 |
| | £4,971,400 | £4,468,242 |
| **WELFARE COSTS** | | |
| Catering costs | 555,983 | 510,085 |
| Laundry and cleaning | 14,420 | 22,937 |
| Equipment and sundries | 3,125 | 1,388 |
| | £573,528 | £534,410 |
| **PREMISES COSTS** | | |
| Staff costs | 226,189 | 188,787 |
| Cleaning | 186,912 | 184,875 |
| Rent | 504,370 | 502,039 |
| Insurance | 83,012 | 73,128 |
| Rates | 55,055 | 49,507 |
| Utilities | 193,318 | 128,266 |
| Depreciation | 626,359 | 608,736 |
| Repairs and maintenance | 159,267 | 123,597 |
| Garden and grounds | 31,599 | 35,572 |
| Sundry | 47,041 | 47,792 |
| | £2,113,122 | £1,942,299 |

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| **SUPPORT COSTS** | | |
| Administration staff costs | 625,604 | 614,038 |
| Pay Bureau | 8,180 | 4,558 |
| Printing, postage and stationery | 26,347 | 36,109 |
| Subscriptions | 20,526 | 27,097 |
| Recruitment | 34,979 | 42,973 |
| Computer support costs | 113,659 | 98,395 |
| Training | 10,517 | 3,022 |
| Legal, professional and consultancy | 126,611 | 144,492 |
| Bank charges | 2,823 | 3,087 |
| School website | 20,753 | 16,045 |
| Sundries | 10,015 | 9,403 |
| | £1,000,014 | £999,219 |
| **GRANTS, AWARDS AND PRIZES** | | |
| Grants, awards and prizes | 48,618 | 40,886 |
| Funded bursaries | 60,102 | 109,256 |
| | £108,720 | £150,142 |
| **FUNDRAISING COSTS** | | |
| Staff costs | 29,834 | 30,435 |
| Other costs | - | 843 |
| Marketing and publishing | 26,768 | 79,925 |
| | £56,602 | £111,203 |
| **FINANCE COSTS** – bank interest | £267,985 | £259,398 |
| **TOTAL** | £9,091,371 | £8,464,913 |

**ARNOLD HOUSE SCHOOL LTD**

England & Wales - Charity number 312725

# Accounts

# ARNOLD HOUSE SCHOOL LIMITED
**(A Company Limited by Guarantee)**

**FINANCIAL STATEMENTS**

**31 AUGUST 2023**

**Haysmacintyre LLP**
**Chartered Accountants**
**Registered Auditors**

**Registered Company Number: 00889424**
**Registered Charity Number: 312725**

**ARNOLD HOUSE SCHOOL LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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**DIRECTORS**

The Directors of the company who served during the year and since year end were:

Dr M P Badenoch (Resigned 10 October 2022)
Rev Dr A K Bergquist
H M Burgess
C M S Douglass
E J De Freitas
M A Sahni
G J Savage
M Grenier (Appointed 21 June 2022)
S. Honey (Appointed 10 October 2022)
J H Zehner
T Nicholson (Appointed 17 October 2023)
J Stowell (Appointed 17 October 2023)
Hon A Woolf (Resigned March 2023)

| | |
|---|---|
| **REGISTERED OFFICE** | 1 Loudoun Road<br>St John's Wood<br>London<br>NW8 0LH |
| **AUDITORS** | Haysmacintyre LLP<br>Chartered Accountants<br>10 Queen Street Place<br>London<br>EC4R 1AG |
| **BANKERS** | The Royal Bank of Scotland Plc<br>48 Haymarket<br>London<br>SW1Y 4SE |
| **SOLICITORS** | Veale Wasbrough Vizards<br>24 King William Street<br>London<br>EC4R 9AT |

**KEY PERSONNEL**

| | |
|---|---|
| Headmaster | G Tollit. |
| Bursar/Company Secretary | E Winter (From 8 February 2024)<br>M Davis (31 August 2023 to 7 February 2024)<br>P Vanninen (Resigned 31 August 2023) |
| Deputy Headmaster (Academic) | J Hill |
| Deputy Headmaster (Pastoral) | S Stones |

| | |
|---|---|
| **REGISTERED COMPANY NUMBER**: | 00889424 |
| **REGISTERED CHARITY NUMBER**: | 312725 |

The Governors, who are also directors of the company and charity trustees, have pleasure in submitting their report and audited financial statements for the year ended 31 August 2023.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

Arnold House School Limited is a company limited by guarantee and a Registered Charity governed by its Memorandum and Articles of Association.

New Governors are appointed by the Governing Body on the recommendation of an Appointments Sub-Committee. Suitable candidates are sought to meet the need to maintain the best possible balance of relevant skills, expertise and experience on the School's Governing Body. The Finance Committee meets at least once a term to receive updates from the Headmaster and Bursar, to review the School's finances and make recommendations to the full Board of Governors. The Governing Body reviews the recommendations of the Finance Committee which are considered and approved, major issues discussed and policy decisions agreed. Visits from Governors to the School to observe lessons and be updated by the Headmaster, Bursar and Senior staff occur at least termly. Termly meetings also occur between designated Governors, the Academic and Pastoral committees, Health and Safety and Fundraising Development representatives. Governors are encouraged to regularly attend external training courses. Regular updates come from the Clerk and AGBIS.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster, Bursar and the two Deputy Headmasters. Remuneration of these key management personnel is set by the Board, in conjunction with the Headmaster for the Bursar and Deputy Headmasters, using a number of criteria such as nature of role and responsibilities, sector salaries as indicated by various benchmark and other market reports, cost of living increases and trends in pay.

### OBJECTIVES AND ACTIVITIES

The Company, which is constituted as an Educational Charitable Trust, has continued its business of providing preparatory school education throughout the year.

### OBJECTS

To acquire and carry on in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes

## STRATEGIC REPORT

#### Achievements and Performance

This was the first full school year with a programme unaffected by Covid or associated restrictions: a complete calendar of teaching, sports, events and trips was completed. The start and end of the year were marked by other historic events, as the nation mourned the end of Queen Elizabeth's reign and celebrated the coronation of King Charles. The eyes of the world were focused on Westminster and Arnold House red blazers were present just as they have been in such circumstances in the past.

The year brought us much success, with scholarships won, unbeaten seasons for several teams, first places in national competitions and large sums raised for our chosen charities. The standard of music and drama impressed us at all levels, and Arnold House boys gained praise for their manners wherever they went – and they were able to go far and wide: whether surfing in Devon, exploring ancient Pompeii or practising their French in Burgundy, all ages of boys were able to enhance their learning in the classroom with first-hand experience off-site. Through it all ran the spirit of the school: engaged, happy boys being given exceptional foundations for the future.

The range of senior schools to which Arnold House boys transfer differs from year to year but as a 'stand-alone' prep school we forge strong links with an array of senior schools. This year a range of day and boarding schools were represented on our 13+ destinations list: City of London, Eton, Cranleigh, Mill Hill, Shrewsbury, St Paul's, Tonbridge, Radley, Westminster, Wetherby and Winchester.

The Early Years setting in Marlborough Place that was opened in September 2021 enjoyed a successful second year, with integration into the existing routines and events progressing well. The Year 1 forms were relocated from the Loudoun Road site to Marlborough Place in September 2023.

**Bursaries**

We have provided five 100% bursary places this year funded through a combination of the School's fee income and donations from the Arnold House community.

Bursaries were given in the year to the value of £163,884 (2022: £109,920).

The Family Fund:

The School was extremely grateful for the generosity shown by our community in supporting those AH families whose income was affected by Covid-19. In the year to 31 August 2023 a total of £28,508 (2022: £32,744) was raised which will go towards fee assistance for those in need.

**Public Benefit**

The Governors confirm that they have complied with the duty of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the School.
Locally in St John's Wood, relationships have been developed with Barrow Hill Junior School and Sarum Hall. Plans to establish a Classics provision at Barrow Hill with Arnold House boys contributing to sessions are underway. Sarum Hall made use of the facilities at Canons Park for their Sports Day. The school continues to support St John's Wood Church, St Cyprian's and St John's Hackney and the boys and parents took part in the annual Christmas Gift Bag drive which continues to be a huge success. The School has also developed a relationship with a local Food Bank - Sufra NW London and has established a schedule of Food Drives throughout the year. More recently a relationship is being developed with Refugee Education UK who are due to open an education hub in Harlesden shortly.

**Raising money for charity:**

Over the year, the boys, staff and parents raised awareness and support for a number of charities, including St John's Hospice, Sufra Food Bank, RE UK and Combined charities (Charity chosen by the pupils).

The total raised for charity to date this academic year was:

| Charity Money Raised | | |
|---|---|---|
| **Charity Organisation** | **2022-2023** | **2021-2022** |
| St John's Hospice | £200 | £5,860 |
| City Harvest | - | £5,649 |
| REUK | £5,735 | - |
| Combined charities | £7,472 | - |
| Sufra Food Bank | £6,525 | £5,167 |
| **Total** | **£19,932** | **£16,676** |

## FINANCIAL REVIEW

The School's main income is from fees which amounted to £8,858,140 (2022: £7,924,693) in the year, a 12% increase due to higher student numbers and a 6.5% rise in fees. Bursaries and staff fee discounts amounted to £195,102 (2022: £168,543).

Other income decreased significantly in the year from £160,998 to £20,262. This was due to last year's income including receipts from the insurance claim for the flood that occurred at Marlborough Place.

Parents, old boys and others associated with the School made donations of £62,065 (2022: £44,319) in the year, which includes donations of £12,657 to the bursary fund. Following funding of £109,256 (2022: £73,281) for bursaries in the year the closing balance on the bursary fund was £153,437).

School operating costs increased by 6.4% in the year to £8,464,913 (2022: £7,953,007). Staff costs were £4,593,810 (2022: £4,263,478). The increase is due mainly to increase in employees, salary awards and one-off payments. Other cost increases were mainly due to general inflationary uplifts. An increase in interest rates resulted in higher interest payments during the year.

The net income from operations for the year was £544,721 (2022: £210,536). The School aims to achieve an annual surplus to ensure that there are sufficient reserves to manage the School on a prudent financial basis and to provide funds for future capital expenditure.

### Reserves Policy

The Governors review the reserves policy annually. The key objective of the policy is to ensure the long-term financial stability of the School whilst maintaining sufficient liquid reserves to meet short-term financial obligations in the event of unexpected income shortfall or unforeseen expenses.

As at 31 August 2023, the total funds of the School were £10,852,318 (2022: £10,307,597) made up of unrestricted funds of £10,579,260 (2022: £9,987,348) and restricted funds of £273,058 (2022: £320,249). The movement in funds are shown in note 13 to the accounts.

At the year-end free reserves, calculated as unrestricted funds less net book value of fixed assets, amounted to a negative balance of £2,549,954 (2022: negative balance of £3,270,909). This negative position is a consequence of the strategic decision made in 2021 to purchase the pre-prep building at Marlborough Place. The purchase was financed partly through reserves and partly through a £4,900,000 bank loan. The Governors are committed to building up reserves over the long-term whilst continuing to invest in the ongoing development of the School's educational provision and infrastructure.

The Governors have determined that the School should hold minimum cash reserves equivalent to approximately three months budgeted operating expenditure. The Governors regularly monitor the School's cash position to ensure compliance with the minimum target. The year-end cash balance was £4,213,074 exceeding the minimum reserves requirement.

### Risk Review

The Governors have assessed the major risks to which the School is exposed and are satisfied that systems are in place to mitigate the School's exposure to the major risks. Such risks are reviewed on a regular basis in order to mitigate any impact that they may have on the School in the future.

The Governors consider that the major risks to which the School is currently exposed are:

- a change in Government policy that is inimical to the existence or mode of operation of the independent school sector
- Fall in pupil numbers
- Increase in Teachers' Pension Scheme contributions
- Impact of Charity Law and applications by the Charity Commission
- Major external disruptive event such as a terrorist attack, pandemic or other health related crisis
- Reputational impact of an incident related to safeguarding, health and safety, or cyber security
- Lease extension
- Staff recruitment and morale

The key controls include:

- Keep apprised of political developments and advice from ISC, ISBA and AGIS
- Maintain educational excellence, consider expanded provision of bursaries
- Introduce alternative pension options
- Keep strategy on public benefit under review
- Review Emergency Response Plan annually and follow Government guidance on health issues
- Conduct regular health and safety/safeguarding training; review IT controls and improve backup systems
- Lease Extension work being undertaken by Governors
- Expanded use of e-media for recruitment and conduct of salary reviews

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

## PLANS FOR THE FUTURE

Strategic planning is reviewed annually and a further Annual Action Plan is formulated at the beginning of the School year. The associated aims and objectives continue to provide a focus for the day-to-day management of the school. They also find expression in capital projects. Opportunities for improving both indoor and outdoor facilities are constantly being reviewed.

A Curriculum Review was started and will be an ongoing project for next year, prompted by several causes: a changed calendar for admissions has been established by most senior schools in Year 6 and traditional entrance assessments in Year 8 have been revised; boys now start their Arnold House journey aged 3 rather than 5, so the curriculum must reflect that; the pandemic has not only shown us how technology can enhance our teaching but also how important collaboration and pupil voice are in the classroom; new technologies, including AI, can be harnessed to create world-class learning experiences for the boys. The Curriculum Review has already seen Drama added to the timetable in Years 7 and 8; research continues on modern languages, STEM, and the use of technology.

Arnold House continues to collaborate with a number of schools: a partnership with Queens College Prep School has begun, providing a platform for shared events and workshops; the model will be extended to Queens College Senior School for our boys in Year 7 and 8. Plans to share staff training with other schools have started and our Canons Park facilities are available for community use especially for Sports events; schools include Christ Church Primary School in Camden and Sarum Hall. Bursaries (100%) continue to be provided for pupils in Years 5 to 8.

In September 2023, Year 1 will be taught in a new suite of classrooms at Marlborough Place, alongside the Early Years classes, and that building will be known as Arnold House Pre-Prep; the Loudoun Road site will be called the Prep School.

A new front entrance, front office, foyer, Headmaster’s study and medical centre will be created at the Prep School, using the space created by the relocation of Year 1. These will enhance the effectiveness of the welcome to all visitors and the handling of queries; the new spaces will be more accessible and secure. These developments are the first phase of a longer-term refurbishment of teaching and non-teaching spaces in the Prep School.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Arnold House School Limited for the purposes of company law) are responsible for preparing the Governors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## AUDITORS

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

Governors' Report, incorporating a Strategic Report, approved by the Board of Governors on 19 March 2024 and signed on its behalf by:



M Sahni
Chair of Finance Committee
Date: 30 May 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

**OF ARNOLD HOUSE SCHOOL LIMITED**

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

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

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

**Responsibilities of Governors for the financial statements**
As explained more fully in the Statement of Governors' Responsibilities set out on page 6, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to The Education (Independent School Standards) Regulations 2014, safeguarding regulations, health and safety law, GDPR, employment law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for Charities (SORP 2019) and payroll tax.

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

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted which meet specific characteristics; and
- Challenging assumptions and judgements made by management in their accounting estimates.

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

irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

**Date:** 30 May 2024

**ARNOLD HOUSE SCHOOL LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

| | Notes | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
|---|---|---|---|---|---|
| **INCOME FROM:** | | | | | |
| **Charitable activities:** | | | | | |
| School fee income | 3 | 8,858,140 | - | 8,858,140 | 7,924,693 |
| Other ancillary income | | 13,173 | - | 13,173 | 10,010 |
| **Other trading activities:** | | | | | |
| Rental income | | 16,434 | - | 16,434 | 17,724 |
| **Investment income** | 4 | 39,560 | - | 39,560 | 5,799 |
| **Donations and grants** | 5 | - | 62,065 | 62,065 | 44,319 |
| **Other Income** | | 20,262 | - | 20,262 | 160,998 |
| **TOTAL INCOME** | | 8,947,569 | 62,065 | 9,009,634 | 8,163,543 |
| **EXPENDITURE ON:** | | | | | |
| **Charitable activity:** | | | | | |
| School Operating Costs: | | | | | |
| Teaching costs | | 4,468,242 | - | 4,468,242 | 4,246,671 |
| Welfare costs | | 534,410 | - | 534,410 | 497,294 |
| Premises costs | | 1,942,299 | - | 1,942,299 | 1,991,724 |
| Support costs of schooling | | 999,219 | - | 999,219 | 867,371 |
| Grants, awards and prizes | | 40,886 | 109,256 | 150,142 | 86,068 |
| | | 7,985,056 | 109,256 | 8,094,312 | 7,689,128 |
| **Raising funds:** | | | | | |
| Fundraising costs | | 111,203 | - | 111,203 | 122,923 |
| Finance costs | | 259,398 | - | 259,398 | 140,956 |
| **TOTAL EXPENDITURE** | 6 | 8,355,657 | 109,256 | 8,464,913 | 7,953,007 |
| **NET MOVEMENT IN FUNDS** | | 591,912 | (47,191) | 544,721 | 210,536 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2022** | | 9,987,348 | 320,249 | 10,307,597 | 10,097,061 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2023** | 13 | £10,579,260 | £273,058 | £10,852,318 | £10,307,597 |

All disclosures relate only to continuing operations.
All recognised gains and losses are shown in the Statement of Financial Activities.
The comparative Statement of Financial Activities is shown in Note 21.
The notes on pages 13 to 22 form part of these financial statements.

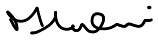
**ARNOLD HOUSE SCHOOL LIMITED** **Registered Company Number: 00889424**

**BALANCE SHEET**

**AS AT 31 AUGUST 2023**

| | Notes | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 8 | | 13,129,214 | | 13,258,257 |
| | | | 13,129,214 | | 13,258,257 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 5,019 | | 5,019 | |
| Debtors | 9 | 2,015,480 | | 1,944,243 | |
| Cash at bank and in hand | | 4,213,074 | | 4,198,798 | |
| | | 6,233,573 | | 6,148,060 | |
| **CREDITORS: Amounts falling due within one year** | 10 | (3,988,285) | | (3,675,884) | |
| **NET CURRENT ASSETS** | | | 2,245,288 | | 2,472,176 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 15,374,502 | | 15,730,433 |
| **CREDITORS: Amounts falling due after one year** | 11 | | (4,522,184) | | (5,422,836) |
| **TOTAL NET ASSETS** | | | £10,852,318 | | £10,307,597 |
| **FUNDS** | | | | | |
| Unrestricted | 13 | | 10,579,260 | | 9,987,348 |
| Restricted | 13 | | 273,058 | | 320,249 |
| | | | 10,852,318 | | £10,307,597 |

The financial statements were approved and authorised for issue by the board on 19 March 2024 and were signed below on its behalf by:



…….
**M Sahni**
Governor
Date: 30 May 2024

The notes on pages 13 to 22 form part of these financial statements.

**ARNOLD HOUSE SCHOOL LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2023**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Reconciliation of net cash inflow from operations** | | | | |
| Net movement in funds | 544,721 | | 210,536 | |
| Depreciation | 608,736 | | 603,819 | |
| Interest received | (39,560) | | (5,799) | |
| Interest paid | 259,398 | | 140,956 | |
| Increase in stock | - | | (917) | |
| Increase in debtors | (71,238) | | (1,111,577) | |
| Increase in creditors | 354,438 | | 822,024 | |
| **Net cash flow from operations** | | 1,656,495 | | 659,042 |
| **Cash flows from investing activities** | | | | |
| Interest received | 39,560 | | 5,799 | |
| Purchase of tangible assets | (479,693) | | (434,074) | |
| **Net cash (used in)/provided by investing activities** | | (440,133) | | (428,274) |
| **Cash flows from financing activities** | | | | |
| Loan repayments | (942,688) | | (107,262) | |
| Interest paid | (259,398) | | (140,956) | |
| **Net cash used in financing activities** | | (1,202,086) | | (248,218) |
| **Increase/(decrease) in cash** | | 14,276 | | (17,450) |
| **Cash and cash equivalents at the beginning of the period** | | 4,198,798 | | 4,216,248 |
| **Cash and cash equivalents at the end of the period** | | £4,213,074 | | £4,198,798 |
| **Analysis of cash and cash equivalents** | | | | |
| Cash at bank | | £4,213,074 | | £4,198,798 |

| **Analysis of changes in net (debt)/asset** | **At 1 September 2022** | **Cash flows** | **Other movements** | **At 31 August 2023** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 4,198,798 | 14,276 | - | 4,213,074 |
| Short term borrowings | (103,902) | 942,688 | (908,652) | (69,866) |
| Long term borrowings | (4,688,835) | - | 908,652 | (3,780,183) |
| Net (debt)/asset | £ (593,939) | £956,964 | - | £363,025 |

## 1. ACCOUNTING POLICIES

**Accounting Convention**
The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 2019. The financial statements are prepared under the historical cost convention. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**
Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Governors do not consider there to be any material uncertainties relating to going concern.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**
Fees receivable represent fees less bursaries and allowances, and other income derived from the School's continuing activities and are recognised as the service is provided.

Donations are accounted for on a receivable basis, when the conditions of entitlement, probability and measurement are met. Those received under Gift Aid are grossed up for the tax recoverable.

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

**Expenditure**
Expenditure is accounted for on an accruals basis as soon as a liability is considered probable.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

## 1. ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**
All fixed assets with a cost of more than £1,000 are capitalised at cost including those purchased from donations received for that purpose. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:-

| | |
|---|---|
| Freehold property | - 2½-20% per annum |
| Leasehold property | - over the term of the lease |
| Fixtures, fittings and equipment | - 20% per annum |
| Computer equipment | - 33 $^{1}/_{3}$% per annum |
| Motor vehicles | - 25% per annum |

Costs relating to No 1 and No 3 Loudoun Road, are being amortised on a straight-line basis over the duration of the respective leases.

**Financial instruments**
Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*
Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

*Debtors and creditors*
Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Pension**
The teaching staff are members of the Department for Education's superannuation scheme, run by Teacher's Pensions. This is a multi-employer defined benefit scheme where the School is unable to identify its share of the underlying assets and liabilities. The scheme has been accounted for as defined contribution scheme as permitted by section 28 of FRS102 and contributions are accounted for when advised as due.

Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

**Leases and hire purchase contracts**
Rentals paid under operating leases are charged to the Statement of Financial Activities evenly over the period of the lease.

**Funds**
Unrestricted Funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which are available for use at the discretion of the Governors in furtherance of the general objectives of the School.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## 2. STATUS

The company is constituted as an Educational Charitable Trust (Charity Registered number 312725) and is limited by guarantee (Company Registration number 0889424). The liability of each member is limited to an amount not exceeding £1. The members are the Governors of the School. At 31 August 2023 the number of members were 9, and at the date of approval of the accounts the number was 11. The School's registered office address is: 1 Loudoun Road, St John's Wood, London, NW8 0LH.

## 3. FEE INCOME

| | 2023 £ | 2022 £ |
|---|---|---|
| Gross tuition fees | 8,528,611 | 7,760,561 |
| Less: bursaries | (163,884) | (109,920) |
| Less: staff discounts | (31,218) | (58,623) |
| Less Other discounts | - | (42,013) |
| | 8,333,509 | 7,550,005 |
| Add: bursaries funded by restricted funds | 109,256 | 73,281 |
| Net tuition fees | 8,442,765 | 7,623,286 |
| Registration fees | 15,500 | 17,700 |
| Other fees and extras | 399,875 | 283,707 |
| | £8,858,140 | £7,924,693 |

## 4. INVESTMENT INCOME

| | 2023 £ | 2022 £ |
|---|---|---|
| Interest receivable | 39,560 | 5,799 |
| | £39,560 | £5,799 |

## 5. DONATION AND GRANT INCOME

| | 2023 £ | 2022 £ |
|---|---|---|
| Bursary fund donations | 12,657 | 4,058 |
| Family fund donations | 28,508 | 32,744 |
| Other donations | 20,900 | 7,517 |
| | £62,065 | £44,319 |

## 6. TOTAL EXPENDITURE

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2023 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 3,760,550 | 707,692 | - | 4,468,242 |
| Welfare costs | - | 534,410 | - | 534,410 |
| Premises costs | 188,787 | 1,144,776 | 608,736 | 1,942,299 |
| Support costs | 614,038 | 385,181 | - | 999,219 |
| Grants, awards & prizes | - | 150,142 | - | 150,142 |
| **Raising funds** | | | | |
| Fundraising costs | 30,435 | 80,768 | - | 111,203 |
| Finance costs - interest payable | - | 259,398 | - | 259,398 |
| | £4,593,810 | £3,262,367 | £608,736 | £8,464,913 |

**Governance included in support costs:**

| | |
|---|---|
| Auditors remuneration – audit of the financial statements (including VAT) | £20,640 |
| Auditors remuneration – preparation of the financial statements (including VAT) | £2,580 |

**TOTAL EXPENDITURE (2022)**

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2022 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 3,599,733 | 646,938 | - | 4,246,671 |
| Welfare costs | - | 497,294 | - | 497,294 |
| Premises costs | 145,561 | 1,242,344 | 603,819 | 1,991,724 |
| Support costs | 489,347 | 378,024 | - | 867,371 |
| Grants, awards & prizes | - | 86,068 | - | 86,068 |
| **Raising funds** | | | | |
| Fundraising costs | 28,837 | 94,086 | - | 122,923 |
| Finance Costs – interest payable | - | 140,956 | - | 140,956 |
| | £4,263,478 | £3,085,710 | £603,819 | £7,953,007 |

**Governance included in support costs:**

| | |
|---|---|
| Auditors remuneration – audit of the financial statements (including VAT) | £17,940 |
| Auditors remuneration – preparation of the financial statements (including VAT) | £2,400 |

## 7. STAFF COSTS

| | 2023 | 2022 |
|---|---|---|
| The average number of employees during the year excluding Governors was: | | |
| Teachers | 65 | 62 |
| Non-teachers | 16 | 14 |
| | 81 | 76 |

| STAFF COSTS (continued) | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Staff costs during the year amounted to: | | |
| Wages and salaries | 3,674,093 | 3,384,312 |
| Social security costs | 353,159 | 335,188 |
| Other pension costs | 566,558 | 543,978 |
| | £4,593,810 | £4,263,478 |

| | 2023<br>Number | 2022<br>Number |
|---|---|---|
| The number of employees where emoluments exceeded £60,000 were: | | |
| £60,000 - £70,000 | 7 | 8 |
| £70,001 - £80,000 | 6 | 3 |
| £80,001 - £90,000 | - | - |
| £90,001 -£100,000 | 2 | - |
| £160,001 - £170,000 | 2 | 1 |

Total remuneration of key management personnel for the year ended 31 August 2023 was £594,672 (2022: £502,098). During the year there were redundancy or termination payments totalled £83,032 (2022: £nil).

No remuneration is payable to any Governors. No expenses were reimbursed to governors in the year (2022: £Nil).

**8. TANGIBLE FIXED ASSETS**

| | Leasehold Property | Freehold Land and Buildings<br>£ | Fixtures Fittings and Computer Equipment<br>£ | Motor Vehicles<br>£ | Total<br>£ |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 September 2022 | 13,420,566 | 6,407,348 | 1,475,324 | 68,579 | 21,371,817 |
| Additions | 114,950 | 220,148 | 144,595 | - | 479,693 |
| At 31 August 2023 | 13,535,516 | 6,627,496 | 1,619,919 | 68,579 | 21,851,510 |
| **DEPRECIATION** | | | | | |
| At 1 September 2022 | 1,968,426 | 4,800,138 | 1,276,417 | 68,579 | 8,113,560 |
| Charge for the year | 336,874 | 201,638 | 70,224 | - | 608,736 |
| At 31 August 2023 | 2,305,300 | 5,001,776 | 1,346,641 | 68,579 | 8,722,296 |
| **NET BOOK VALUE** | | | | | |
| At 31 August 2023 | £11,230,216 | £1,625,720 | £273,278 | £- | £13,129,214 |
| At 31 August 2022 | £11,452,140 | £1,607,210 | £198,907 | £- | £13,258,257 |

| 8. TANGIBLE FIXED ASSETS (continued) | 2023 £ | 2022 £ |
|---|---|---|
| Land and buildings at net book value comprise | | |
| Freehold property | 11,230,216 | 11,452,140 |
| Leasehold property | 1,625,720 | 1,607,210 |
| | £12,855,936 | £13,059,350 |

| 9. DEBTORS | 2023 £ | 2022 £ |
|---|---|---|
| Fees and charges receivable | 1,846,474 | 1,593,394 |
| Other debtors | - | 7,877 |
| Prepayments and accrued income | 169,006 | 342,972 |
| | £2,015,480 | £1,944,243 |

| 10. CREDITORS: Amounts falling due within one year | 2023 £ | 2022 £ |
|---|---|---|
| Bank loan (see note 12) | 69,866 | 103,902 |
| Trade creditors | 370,221 | 324,403 |
| Fees charged and fees received in advance | 3,136,223 | 2,839,292 |
| Fee deposits | 56,000 | 52,000 |
| Other creditors | 67,882 | 85,056 |
| Accruals | 200,617 | 188,025 |
| Social security and other taxes | 87,476 | 83,206 |
| | £3,988,285 | £3,675,884 |

| 11. CREDITORS: Amounts falling due after one year | 2023 £ | 2022 £ |
|---|---|---|
| Fee deposits | 742,000 | 734,000 |
| Bank loan (see note 12) | 3,780,183 | 4,688,836 |
| | £4,522,183 | £5,422,836 |

| 12. BANK LOANS | 2023 £ | 2022 £ |
|---|---|---|
| **Bank loan maturity analysis** | | |
| Amounts falling due within one year | 69,866 | 103,902 |
| Amounts falling due 1-2 years | 75,290 | 110,090 |
| Amounts falling due 2-5 years | 262,789 | 371,202 |
| Amounts falling due more than 5 years | 3,442,104 | 4,207,544 |
| | £3,850,049 | £4,792,738 |

The School obtained a bank loan of £4,900,000 on 25 November 2021 in order to finance the purchase of Malborough House, 38 Malborough Place, NW8 0PE. The loan is repayable in 288 consecutive monthly instalments representing principal and interest commencing on 25 December 2022. The rate of interest payable on the loan is the Base Rate plus an interest margin of 2.30% per annum. The final repayment date is 25 November 2045.

The School made a voluntary overpayment of £738,521 during the year.

As part of the terms of the loan, Lloyds Bank have first legal charges over the freehold land and buildings at Arnold House School and at Malborough House.

| 13. FUNDS | Balance at 1 September 2022 £ | Income £ | Expenditure £ | Balance at 31 August 2023 £ |
|---|---|---|---|---|
| **Unrestricted funds** | | | | |
| General funds | 9,987,348 | 8,947,569 | (8,355,657) | 10,579,260 |
| **Restricted funds** | | | | |
| Bursary fund | 250,036 | 12,657 | (109,256) | 153,437 |
| Family fund | 51,375 | 28,508 | - | 79,883 |
| School equipment fund | 18,838 | 20,900 | - | 39,738 |
| | £10,307,597 | £9,009,634 | £(8,464,913) | £10,852,318 |

The Restricted Bursary Fund comprises the balance of money raised and spent on bursaries.

The Restricted School Equipment Fund comprises donations to purchase school equipment.

The Restricted Family Fund comprises donations to provide fees assistance to families affected by Covid-19 pandemic.

**13. FUNDS (2022)**

| | Balance at 1 September 2021 £ | Income £ | Expenditure £ | Investment gains/(losses) and transfers £ | Balance at 31 August 2022 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| General funds | 9,744,134 | 8,122,940 | (7,879,726) | - | 9,987,348 |
| **Restricted funds** | | | | | |
| Bursary fund | 319,259 | 4,058 | (73,281) | - | 250,036 |
| Family fund | 18,630 | 32,745 | - | - | 51,375 |
| School equipment | 15,038 | 3,800 | - | - | 18,838 |
| | £10,097,061 | £8,163,543 | £ (7,953,007) | - | £10,307,597 |

**14. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2023**

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds £ |
|---|---|---|---|
| Fixed asset | 13,129,214 | - | 13,129,214 |
| Net current assets | 1,972,230 | 273,058 | 2,245,288 |
| Creditors due after more than one year | (4,522,184) | - | (4,522,184) |
| | £10,579,260 | £273,058 | £10,852,318 |

**ANALYSIS OF NET ASSETS BETWEEN FUNDS 2022**

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|---|---|---|
| Fixed asset | 13,258,257 | - | 13,258,257 |
| Net current assets | 2,151,927 | 320,249 | 2,472,176 |
| Creditors due after more than one year | (5,422,836) | - | (5,422,836) |
| | £9,987,348 | £320,249 | £10,307,597 |

**15. OTHER FINANCIAL COMMITMENTS**

| | Land and buildings 2023 £ | 2022 £ |
|---|---|---|
| The future minimum lease payments under non-cancellable operating leases: | | |
| Within one year | 510,000 | 340,000 |
| Between two and five years | 2,040,000 | 1,360,000 |
| After more than 5 years | 2,330,630 | 1,893,753 |
| | £4,880,630 | £3,593,753 |

## 16. PENSION COSTS

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 £494,323 (2022: £472,927) and at the year-end £40,933 (2022: £38,179) was accrued in respect of contributions to this scheme.

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

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

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

The valuation confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6% from 1 April 2024. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

The School also contributes to a defined contribution scheme for its non-teaching staff. The pension charge for the period includes contributions payable of £72,235 (2022: £61,887) and at the year-end £6,138 (2022: £5,719) was accrued in respect of contributions to this scheme.

## 17. TAXATION

The company by virtue of its charitable status is exempt from taxation on its ordinary activities.

## 18. CONTROL

The charitable company does not have an ultimate controlling party.

## 19. CAPITAL COMMITMENT

There were £nil capital commitments at the 31 August 2023 (2022: £Nil).

## 20. RELATED PARTY TRANSACTIONS

There are three Governors with children attending the School during the year which pay fees at the same rate as other pupils and one Governor with a daughter teaching at the School who also receive salaries in line with other teachers.

## 21. STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

| | Notes | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | Total Funds 2022 £ |
|---|---|---|---|---|
| **INCOME FROM:** | | | | |
| **Charitable activities:** | | | | |
| School fee income | 3 | 7,924,693 | - | 7,924,693 |
| Other ancillary income | | 10,010 | - | 10,010 |
| **Other trading activities:** | | | | |
| Rental income | | 17,724 | - | 17,724 |
| **Investment income** | 4 | 5,799 | - | 5,799 |
| **Donations and grants** | 5 | 3,716 | 40,603 | 44,319 |
| **Other Income** | | 160,998 | | 160,998 |
| **TOTAL INCOME** | | £8,122,940 | £40,603 | £8,163,543 |
| **EXPENDITURE ON:** | | | | |
| **Charitable activity:** | | | | |
| School Operating Costs: | | | | |
| Teaching costs | | 4,246,671 | - | 4,246,671 |
| Welfare costs | | 497,294 | - | 497,294 |
| Premises costs | | 1,991,724 | - | 1,991,724 |
| Support costs of schooling | | 867,371 | - | 867,371 |
| Grants, awards and prizes | | 12,787 | 73,281 | 86,068 |
| | | 7,615,847 | 73,281 | 7,689,128 |
| **Raising funds:** | | | | |
| Fundraising costs | | 122,923 | - | 122,923 |
| Finance costs | | 140,956 | - | 140,956 |
| **TOTAL EXPENDITURE** | 6 | £7,879,726 | £73,281 | £7,953,007 |
| **NET MOVEMENT IN FUNDS** | | 243,214 | (32,678) | 210,536 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2021** | | 9,744,134 | 352,927 | 10,097,061 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2022** | 13 | £9,987,348 | £320,249 | £10,307,597 |

**ARNOLD HOUSE SCHOOL LIMITED**

**DETAILED EXPENDITURE – MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 AUGUST 2023**

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **TEACHING COSTS** | | |
| Teaching salary costs | 3,760,550 | 3,599,733 |
| Teaching materials | 180,175 | 202,569 |
| Music and drama | 35,960 | 30,776 |
| School supplies | 7,035 | 5,551 |
| School magazine | 25,945 | 23,396 |
| Computer maintenance and software | 65,379 | 44,401 |
| Training | 9,228 | 24,357 |
| Travel and entertainment | 28,256 | 44,239 |
| Sports fares and coach hire | 162,582 | 151,448 |
| Sports day and prize-giving expenses | 5,473 | 9,734 |
| Sundries | 1,587 | 1,536 |
| Cost of extras | 186,072 | 108,931 |
| | £4,468,242 | £4,246,671 |
| **WELFARE COSTS** | | |
| Catering costs | 510,085 | 464,961 |
| Laundry and cleaning | 22,937 | 21,372 |
| Equipment and sundries | 1,388 | 10,961 |
| | £534,410 | £497,294 |
| **PREMISES COSTS** | | |
| Staff costs | 188,787 | 145,561 |
| Cleaning | 184,875 | 175,282 |
| Rent | 502,039 | 478,462 |
| Insurance | 73,128 | 65,660 |
| Rates | 49,507 | 53,480 |
| Utilities | 128,266 | 104,624 |
| Depreciation | 608,736 | 603,819 |
| Repairs and maintenance | 123,597 | 266,838 |
| Garden and grounds | 35,572 | 46,643 |
| Sundry | 47,792 | 51,355 |
| | £1,942,299 | £1,991,724 |

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| **SUPPORT COSTS** | | |
| Administration staff costs | 614,038 | 489,347 |
| Pay Bureau | 4,558 | 4,148 |
| Printing, postage and stationery | 36,109 | 41,107 |
| Subscriptions | 27,097 | 11,686 |
| Recruitment | 42,973 | 16,309 |
| Computer support costs | 98,395 | 128,263 |
| Training | 3,022 | 3,328 |
| Legal, professional and consultancy | 144,492 | 148,530 |
| Bank charges | 3,087 | 3,051 |
| School website | 16,045 | 10,430 |
| Sundries | 9,403 | 11,172 |
| | £999,219 | £867,371 |
| **GRANTS, AWARDS AND PRIZES** | | |
| Grants, awards and prizes | 40,886 | 12,787 |
| Funded bursaries | 109,256 | 73,281 |
| | £150,142 | £86,068 |
| **FUNDRAISING COSTS** | | |
| Staff costs | 30,435 | 28,837 |
| Other costs | 843 | 1,019 |
| Marketing and publishing | 79,925 | 93,067 |
| | £111,203 | £122,923 |
| **FINANCE COSTS** – bank interest | £259,398 | £140,956 |
| **TOTAL** | £8,464,913 | £7,953,007 |

**ARNOLD HOUSE SCHOOL LTD**

England & Wales - Charity number 312725

# Accounts

# ARNOLD HOUSE SCHOOL LIMITED
(A Company Limited by Guarantee)

## FINANCIAL STATEMENTS

## 31 AUGUST 2022

Haysmacintyre LLP
Chartered Accountants
Registered Auditors

Registered Company Number: 00889424
Registered Charity Number: 312725

**ARNOLD HOUSE SCHOOL LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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**DIRECTORS**

The Directors of the company who served during the year and since year end were:

Dr M P Badenoch
Rev Dr A K Bergquist
H M Burgess
C M S Douglass
M English (resigned 7 July 2022)
E J De Freitas
M Grenier (appointed 21 June 2022)
S Honey (appointed 10 October 2022)
M A Sahni
G J Savage
V Savage (resigned 7 July 2022)
D Widdicombe (resigned 7 July 2022)
A J D Woolf
J H Zehner

| | |
|---|---|
| **REGISTERED OFFICE** | 1 Loudoun Road<br>St John's Wood<br>London<br>NW8 0LH |
| **AUDITORS** | Haysmacintyre LLP<br>Chartered Accountants<br>10 Queen Street Place<br>London<br>EC4R 1AG |
| **BANKERS** | The Royal Bank of Scotland Plc<br>48 Haymarket<br>London<br>SW1Y 4SE |
| **SOLICITORS** | Veale Wasbrough Vizards<br>24 King William Street<br>London<br>EC4R 9AT |
| **KEY PERSONNEL** | |
| Headmaster | G Tollit |
| Bursar/Company Secretary | P Vanninen |
| Deputy Headmaster (Academic) | J Hill |
| Deputy Headmaster (Pastoral) | S Stones |
| **REGISTERED COMPANY NUMBER:** | 00889424 |
| **REGISTERED CHARITY NUMBER:** | 312725 |

The Governors, who are also directors of the company and charity trustees, have pleasure in submitting their report and audited financial statements for the year ended 31 August 2022.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

Arnold House School Limited is a company limited by guarantee and a Registered Charity governed by its Memorandum and Articles of Association.

New Governors are appointed by the Governing Body on the recommendation of an Appointments Sub-Committee. Suitable candidates are sought to meet the need to maintain the best possible balance of relevant skills, expertise and experience on the School's Governing Body. The Finance Committee meets termly to receive updates from the Headmaster and Bursar, to review the School's finances and make recommendations to the full Board of Governors. The Governing Body reviews the recommendations of the Finance Committee which are considered and approved, major issues discussed and policy decisions agreed. Visits from Governors to the School to observe lessons and be updated by the Headmaster, Bursar and Senior staff occur at least termly. Termly meetings also occur between designated Governors, the Academic and Pastoral committees, Health and Safety and Fundraising Development representatives. During the year a number of Governors attended external training seminars with our auditors, AGBIS and other specialists. Governors are encouraged to regularly attend external training courses. Regular updates come from the Clerk and AGBIS.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster, Bursar and the two Deputy Headmasters. Remuneration of these key management personnel is set by the Board, in conjunction with the Headmaster for the Bursar and Deputy Headmasters, using a number of criteria such as nature of role and responsibilities, sector salaries as indicated by various benchmark and other market reports, cost of living increases and trends in pay.

## OBJECTIVES AND ACTIVITIES

The Company, which is constituted as an Educational Charitable Trust, has continued its business of providing preparatory school education throughout the year.

## OBJECTS

To acquire and carry on in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes.

# STRATEGIC REPORT

### Achievements and Performance

In September 2021, Arnold House opened the doors of its newly acquired building in Marlborough Place and welcomed 80 boys into two new year groups; Pre-Reception and Reception. Following the Early Years Foundation Stage Curriculum, the boys have benefitted from the carefully planned out learning spaces, outdoor provision (including time at the Activity Centre in Canons Park) and the focus on their development, support and wellbeing from a group of specialist teaching staff. The boys have enjoyed a full timetable focusing on literacy, maths, French, PE, music and Forest School.

Further up the school, and following the lengthy period of disruption caused by the pandemic, the boys were able to return to and fully engage in a co-curricular programme and schedule of clubs and activities. They also embraced a reinvigorated house point system. There was and continues to be a large focus on the promotion of wellbeing and development through a comprehensive Personal, Social, Health and Economic education programme. This became a timetabled subject for Years 5-8 and lessons covered an extensive range of topics including health and hygiene, internet safety, stereotypes, discrimination and looking after mental health. In Year 7 the school launched the Peer Mentor programme following some specific training which was immediately embraced and appreciated by the boys. The school also celebrated Children's Mental Health Week, Internet Safety Day, Earth Day and competed in climate change competitions.

There were a number of successes in the Arnold House Sports Teams including the undefeated 1st XV rugby team and U11A cricket team. There were sports tours for the Colts Football Team (St George's Park) and U13 Rugby Teams (Belfast) and boys took part in a number of competitions including the National Schools Sevens Tournament.

Academically, teams of boys from the upper end of the School were proud winners of the Mini Model United Nations competition at Bryanston and winners of the Inter Prep School History Quiz at Keble Prep.

Drama and Music at Arnold House were celebrated with plenty of performances including nativity plays for the youngest, musicals for the juniors and the opportunity to take part in the Shakespeare Schools Festival for Year 7s. Music concerts too made a return with Michaelmas and Summer Concerts as well as a series of informal concerts throughout the year.

Following the pandemic-enforced hiatus, there was a full return of the trips schedule with a variety of educational and recreational visits for the boys to enjoy. The youngest boys visited Willows Farm and the London Aquarium. Juniors followed history at the Tower of London, and the RAF museum and science at the Wonderlab at the Science Museum and there were a number of trips to London and Whipsnade Zoo. Residential trips also returned with boys from Year 4 upwards taking part. These included a survival skills camping trip, Science & Art Trip to Paris, Teamwork and Leadership Trips to Devon and a History Battlefields Trip to the Netherlands.

At the end of the year, the school bid farewell to the Year 8 cohort. Following the success of their end of year exams they moved onto a range of day and boarding schools including: Brighton College, City of London, Eton, Harrow, Marlborough, Mill Hill, Radley, St Edward's, St Paul's, Stow, Tonbridge, UCS, Westminster, Whitgift and Winchester. Two boys in the cohort were awarded sports scholarships to Whitgift and one boy was awarded an academic scholarship to City of London School.

**Bursaries**

We have provided five 100% bursary places this year funded through a combination of the School's fee income and donations from the Arnold House community.

Bursaries were given in the year to the value of £109,920 (2021: £104,440).

The Family Fund:

The School was extremely grateful for the generosity shown by our community in supporting those AH families whose income was affected by Covid-19. In the year to August 2022 a total of £32,744 (2021: £23,728) was raised which will go towards fee assistance for those in need.

**Public Benefit**

The Governing Body continues to have due regard with respect to the Charity Act 2011 and to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit" through the following activities. While the Covid restrictions have made it difficult for the school to engage with the wider community as fully as hoped, there have still been several opportunities to build a network for the years to come.

Arnold House continues to look at ways to make a positive contribution to children in nearby primary school. Locally in St John's Wood, relationships have been developed with Christ Church Primary School and Sarum Hall. Sarum Hall made use of the facilities at Canons Park for their Sports Day. In June 2022 all the children and staff from Christ Church Primary School spent a day at the Canons Park Activity Centre. Teachers from Arnold House led the various sports events which included instruction in many sports including athletics, cricket, tennis, volleyball, football and touch rugby. Arnold House also provided return transport to Canons Park from Christ Church School as well as lunch. The experience proved to be very well received by the children and staff at Christ Church School. Plans for repeating and expanding the offering in the summer of 2023 are currently being made with a date for summer 2023 already booked in. In addition, the school continues to support St John's Wood Church, St Cyprian's and St John's Hackney and all the boys and parents took part in the annual Christmas Gift Bag drive which continues to be a huge success.

**Raising money for charity:**

Over the year, the Arnold House boys, staff and parents raised awareness and support for a number of charities. In the autumn term, the boys supported St John's Hospice with a Book Character themed dress up day, in the spring it was a Yellow and Blue themed day for Cure EB and in the summer the boys took part in a Royalty Day in aid of Sufra NW London.

The total raised for charity to date this academic year was:

| Charity Money Raised 2021- 2022 | | |
|---|---|---|
| St John's Hospice | £ | 5,860 |
| City Harvest | £ | 5,649 |
| Sufra Food Bank | £ | 5,167 |
| **Total** | **£** | **16,676** |

**FINANCIAL REVIEW**

School fee income increased by 34% (2021: 5%) in the year to £7,924,693 (2021: £5,912,155) this was primarily due to the introduction of the two new year groups, Pre-Reception and Reception, and in part due to a 3.9% increase in fees. There was an increase in bursaries and discounts of 44% (2021: increase of 20%) totalling £210,556 (2021: £146,214). School operating costs also increased in the year from £5,895,325 to £7,689,128, staff costs account for 55% (2021: 58%) of these costs. Staff costs increased in large part due to the increase in staff numbers for the Reception and Pre-reception provision.

Parents, old boys and others associated with the School made donations of £44,319 (2021: £49,379), which includes donations to the bursary fund. The funding of bursaries in the year was £73,281 (2021: £81,445). Other income includes an insurance payment of £160,998 relating to the flood that occurred at Marlborough House.

The net income from operations for the year was £210,536 (2021: net expenditure of £42,080). The School aims to achieve an annual surplus to ensure that there are sufficient reserves to manage the School on a prudent financial basis and to provide funds for future capital expenditure.

**Reserves Policy**

As at 31 August 2022, the total funds of the School were £10,307,597 (2021: £10,097,061) which relates to unrestricted funds of £9,987,348 (2021: £9,744,134) and restricted funds of £320,249 (2021: £352,927). The details of the restricted funds are shown in note 13 to the accounts. The free reserves at 31 August 2022 were a deficit of £3,270,909 (2021: deficit of £3,683,868).

The analysis of assets attributable to the Funds is shown in note 14 to the accounts. These assets are sufficient to meet the School's obligations.

The Governors have decided that the School should hold a minimum cash balance of £2m. Additional cash balances are held to fund anticipated future capital projects. The Governors review the reserves policy on an annual basis.

**Risk Review**

The Governors have assessed the major risks to which the School is exposed and are satisfied that systems are in place to mitigate the School's exposure to the major risks. Such risks are reviewed on a regular basis in order to mitigate any impact that they may have on the School in the future.

The Governors consider that the major risks to which the School is currently exposed include:

- Impact of Charity Law and application by the Charity Commission
- A change in Government or change in Government policy that is inimical to the existence or mode of operation of the independent school sector
- Increase in Teachers' Pension Scheme contributions
- Major external disruptive event such as a terrorist attack, pandemic or other health related crisis
- Reputational impact of an incident related to safeguarding, health and safety, or cyber security
- Fall in pupil numbers
- Lease extension
- Staff recruitment and morale

The key controls include:

- Keep strategy on public benefit under review
- Keep apprised of political developments and advice from ISC, ISBA and AGBIS
- Introduce alternative pension options
- Review Emergency Response Plan annually and follow Government guidance on health issues
- Conduct regular health and safety/safeguarding training; review IT controls and improve backup systems
- Maintain educational excellence, expand provision of bursaries
- Lease Extension work being undertaken by Governors
- Expanded use of e-media for recruitment and conduct salary review

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

## PLANS FOR THE FUTURE

Strategic planning is reviewed annually and a further Annual Action Plan is formulated at the beginning of the School year. The associated aims and objectives continue to provide a focus for the day-to-day management of the school. They also find expression in capital projects. Opportunities for improving both indoor and outdoor facilities are constantly being reviewed.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Arnold House School Limited for the purposes of company law) are responsible for preparing the Governors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## AUDITORS

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

Governors' Report, incorporating a Strategic Report, approved by the Board of Governors on 4 May 2023 and signed on its behalf by:

M Sahni
Chair of Finance Committee

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## OF ARNOLD HOUSE SCHOOL LIMITED

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

In our opinion, the financial statements:

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

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

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

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

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

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

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

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

**Responsibilities of Governors for the financial statements**
As explained more fully in the Statement of Governors' Responsibilities set out on page 6, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related The Education (Independent Schools Standards) Regulation 2014, safeguarding regulations, health and safety law, GDPR, employment law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for Charities (SORP 2019) and payroll tax.

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

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

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

irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

**Date:** 4 May 2023

ARNOLD HOUSE SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2022

| | Notes | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | Total Funds 2022 £ | Total Funds 2021 £ |
|---|---|---|---|---|---|
| **INCOME FROM:** | | | | | |
| **Charitable activities:** | | | | | |
| School fee income | 3 | 7,924,693 | - | 7,924,693 | 5,912,155 |
| Other ancillary income | | 10,010 | - | 10,010 | 27,677 |
| **Other trading activities:** | | | | | |
| Rental income | | 17,724 | - | 17,724 | 12,338 |
| **Investment income** | 4 | 5,799 | - | 5,799 | 3,165 |
| **Donations and grants** | 5 | 3,716 | 40,603 | 44,319 | 49,379 |
| **Other income** | | 160,998 | - | 160,998 | - |
| **TOTAL INCOME** | | £8,122,940 | £40,603 | £8,163,543 | £6,004,714 |
| **EXPENDITURE ON:** | | | | | |
| **Charitable activity:** | | | | | |
| School Operating Costs: | | | | | |
| Teaching costs | | 4,246,671 | - | 4,246,671 | 3,245,265 |
| Welfare costs | | 497,294 | - | 497,294 | 274,570 |
| Premises costs | | 1,991,724 | - | 1,991,724 | 1,540,845 |
| Support costs of schooling | | 867,371 | - | 867,371 | 732,338 |
| Grants, awards and prizes | | 12,787 | 73,281 | 86,068 | 102,307 |
| | | 7,615,847 | 73,281 | 7,689,128 | 5,895,325 |
| **Raising funds:** | | | | | |
| Fundraising and development costs | | 122,923 | - | 122,923 | 63,832 |
| Finance costs | | 140,956 | - | 140,956 | 87,637 |
| **TOTAL EXPENDITURE** | 6 | £7,879,726 | £73,281 | £7,953,007 | £6,046,794 |
| **NET MOVEMENT IN FUNDS** | | 243,214 | (32,678) | 210,536 | (42,080) |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2021** | | 9,744,134 | 352,927 | 10,097,061 | 10,139,141 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2022** | 13 | £9,987,348 | £320,249 | £10,307,597 | £10,097,061 |

All disclosures relate only to continuing operations.
All recognised gains and losses are shown in the Statement of Financial Activities.
The comparative Statement of Financial Activities is shown in Note 21.
The notes on pages 13 to 23 form part of these financial statements.

ARNOLD HOUSE SCHOOL LIMITED | Registered Company Number: 00889424

## BALANCE SHEET

## AS AT 31 AUGUST 2022

| | Notes | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 8 | | 13,258,257 | | 13,428,002 |
| | | | 13,258,257 | | 13,428,002 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 5,019 | | 4,102 | |
| Debtors | 9 | 1,944,243 | | 832,666 | |
| Cash at bank and in hand | | 4,198,798 | | 4,216,248 | |
| | | 6,148,060 | | 5,053,016 | |
| **CREDITORS: Amounts falling due within one year** | 10 | (3,675,884) | | (2,909,082) | |
| **NET CURRENT ASSETS** | | | 2,472,176 | | 2,143,934 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 15,530,433 | | 15,571,936 |
| **CREDITORS: Amounts falling due after one year** | 11 | | (5,422,836) | | (5,474,875) |
| **TOTAL NET ASSETS** | | | £10,307,597 | | £10,097,061 |
| **FUNDS** | | | | | |
| Unrestricted | 13 | | 9,987,348 | | 9,744,134 |
| Restricted | 13 | | 320,249 | | 352,927 |
| | | | £10,307,597 | | £10,097,061 |

The financial statements were approved and authorised for issue by the board on 4 May 2023 and were signed below on its behalf by:



.....
**M Sahni**
Governor

The notes on pages 13 to 23 form part of these financial statements.

ARNOLD HOUSE SCHOOL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Reconciliation of net cash inflow from operations** | | | | |
| Net income before investment losses | 210,536 | | (42,080) | |
| Depreciation | 603,819 | | 514,820 | |
| Interest received | (5,799) | | (413) | |
| Investment income | - | | (2,752) | |
| Interest payable | 140,956 | | 87,637 | |
| (Increase)/decrease in stock | (917) | | 19 | |
| (Increase)/decrease in debtors | (1,111,577) | | 545,506 | |
| Increase in creditors | 822,024 | | 488,288 | |
| **Net cash flow from operations** | | 659,042 | | 1,591,025 |
| **Cash flows from investing activities** | | | | |
| Investment income received | - | | 2,752 | |
| Interest received | 5,799 | | 413 | |
| Purchase of tangible assets | (434,074) | | (9,760,957) | |
| **Net cash (used in) investing activities** | | (428,274) | | (9,757,792) |
| **Cash flows from financing activities** | | | | |
| New borrowing | - | | 4,900,000 | |
| Loan repayments | (107,262) | | - | |
| Interest payable | (140,956) | | (87,637) | |
| **Net cash (used in)/provided by financing activities** | | (248,218) | | 4,812,363 |
| **Decrease in cash** | | (17,450) | | (3,354,404) |
| **Cash and cash equivalents at the beginning of the period** | | 4,216,248 | | 7,570,652 |
| **Cash and cash equivalents at the end of the period** | | £4,198,798 | | £4,216,248 |
| **Analysis of cash and cash equivalents** | | | | |
| Cash at bank | | £4,198,798 | | £4,216,248 |

| **Analysis of changes in net asset/(debt)** | **At 1 September 2022** | **Cash flows** | **Other movements** | **At 31 August 2022** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 4,216,248 | (17,450) | - | 4,198,798 |
| Short term borrowings | (153,125) | 49,223 | - | (103,902) |
| Long term borrowings | (4,746,875) | 58,039 | - | (4,688,836) |
| Net assets/(debt) | £(683,752) | £89,812 | - | £(593,940) |

## 1. ACCOUNTING POLICIES

**Accounting Convention**
The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 2019. The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**
Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Governors do not consider there to be any material uncertainties relating to going concern.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**
Fees receivable represent fees less bursaries and allowances, and other income derived from the School's continuing activities and are recognised as the service is provided.

Donations are accounted for on a receivable basis, when the conditions of entitlement, probability and measurement are met. Those received under Gift Aid are grossed up for the tax recoverable.

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

**Expenditure**
Expenditure is accounted for on an accruals basis as soon as a liability is considered probable.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

## 1. ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**
All fixed assets with a cost of more than £1,000 are capitalised at cost including those purchased from donations received for that purpose. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:-

| | |
|---|---|
| Freehold property | - 2½-20% per annum |
| Leasehold property | - over the term of the lease |
| Fixtures, fittings and equipment | - 20% per annum |
| Computer equipment | - 33 $^1/_3$% per annum |
| Motor vehicles | - 25% per annum |

Costs relating to No 1 and No 3 Loudoun Road, are being amortised on a straight-line basis over the duration of the respective leases.

**Financial instruments**
Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*
Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

*Debtors and creditors*
Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Pension**
The teaching staff are members of the Department for Education's superannuation scheme, run by Teacher's Pensions. This is a multi-employer defined benefit scheme where the School is unable to identify its share of the underlying assets and liabilities. The scheme has been accounted for as defined contribution scheme as permitted by section 28 of FRS102 and contributions are accounted for when advised as due.

Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

**Leases and hire purchase contracts**
Rentals paid under operating leases are charged to the Statement of Financial Activities evenly over the period of the lease.

**Funds**
Unrestricted Funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which are available for use at the discretion of the Governors in furtherance of the general objectives of the School.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## 2. STATUS

The company is constituted as an Educational Charitable Trust (Charity Registered number 312725) and is limited by guarantee (Company Registration number 0889424). The liability of each member is limited to an amount not exceeding £1. The School's registered office address is: 1 Loudoun Road, St John's Wood, London, NW8 0LH.

## 3. FEE INCOME

| | 2022 £ | 2021 £ |
|---|---|---|
| Gross tuition fees | 7,760,561 | 5,775,401 |
| Less: bursaries | (109,920) | (104,440) |
| Less: staff discounts | (58,623) | (41,774) |
| Less: other discounts | (42,013) | - |
| | 7,550,005 | 5,629,187 |
| Add: bursaries funded by restricted funds | 73,281 | 70,530 |
| Net tuition fees | 7,623,286 | 5,699,717 |
| Registration fees | 17,700 | 24,898 |
| Other fees and extras | 283,706 | 187,540 |
| | £7,924,693 | £5,912,155 |

## 4. INVESTMENT INCOME

| | 2022 £ | 2021 £ |
|---|---|---|
| Dividends | - | 2,752 |
| Interest receivable | 5,799 | 413 |
| | £5,799 | £3,165 |

## 5. DONATION AND GRANT INCOME

| | 2022 £ | 2021 £ |
|---|---|---|
| Bursary fund donations | 4,058 | 21,808 |
| Family fund donations | 32,744 | 23,728 |
| Other donations | 7,516 | 3,843 |
| | £44,319 | £49,379 |

## 6. TOTAL EXPENDITURE

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2022 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 3,599,733 | 646,938 | - | 4,246,671 |
| Welfare costs | - | 497,294 | - | 497,294 |
| Premises costs | 145,561 | 1,242,344 | 603,819 | 1,991,724 |
| Support costs | 489,347 | 378,023 | - | 867,371 |
| Grants, awards & prizes | - | 86,068 | - | 86,068 |
| **Raising funds** | | | | |
| Fundraising costs | 28,837 | 94,086 | - | 122,923 |
| Finance costs - interest payable | - | 140,956 | - | 140,956 |
| | £4,263,478 | £3,085,709 | £603,819 | £7,953,007 |

**Governance included in support costs:**

| | |
|---|---|
| Auditors remuneration – audit of the financial statements | £17,940 |
| Auditors remuneration – other | £2,400 |

**TOTAL EXPENDITURE (2021)**

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2021 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 2,842,250 | 403,015 | - | 3,245,265 |
| Welfare costs | - | 274,570 | - | 274,570 |
| Premises costs | 122,437 | 903,588 | 514,820 | 1,540,845 |
| Support costs | 404,320 | 328,018 | - | 732,338 |
| Grants, awards & prizes | - | 102,307 | - | 102,307 |
| **Raising funds** | | | | |
| Fundraising costs | 28,821 | 35,011 | - | 63,832 |
| Investment management costs | - | 87,637 | - | 87,637 |
| | £3,397,828 | £2,134,146 | £514,820 | £6,046,794 |

**Governance included in support costs:**

| | |
|---|---|
| Auditors remuneration – audit of the financial statements | £16,680 |
| Auditors remuneration – other | £2,280 |

## 7. STAFF COSTS

| | 2022 | 2021 |
|---|---|---|
| The average number of employees during the year excluding Governors was: | | |
| Teachers | 62 | 49 |
| Non-teachers | 14 | 10 |
| | 76 | 59 |

| STAFF COSTS (continued) | 2022 £ | 2021 £ |
|---|---|---|
| Staff costs during the year amounted to: | | |
| Wages and salaries | 3,384,312 | 2,675,898 |
| Social security costs | 335,188 | 254,190 |
| Other pension costs | 543,978 | 467,740 |
| | £4,263,478 | £3,397,828 |

| | 2022 Number | 2021 Number |
|---|---|---|
| The number of employees where emoluments exceeded £60,000 were: | | |
| £60,000 - £69,999 | - | 5 |
| £70,000 - £79,999 | 3 | 2 |
| £140,000 - £149,999 | 1 | - |
| £160,000 - £169,999 | - | 1 |

Total remuneration of key management personnel for the year ended 31 August 2022 was £502,098 (2021: £511,853). During the year there were no redundancy or termination payments made (2021: £nil).

No remuneration is payable to any Governors. No expenses were reimbursed to governors in the year (2021: £321).

## 8. TANGIBLE FIXED ASSETS

| | Land and Buildings £ | Fixtures Fittings and Computer Equipment £ | Motor Vehicles £ | Total £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 September 2021 | 19,478,140 | 1,391,024 | 68,579 | 20,937,743 |
| Additions | 349,774 | 84,300 | - | 434,074 |
| At 31 August 2022 | 19,827,914 | 1,475,324 | 68,579 | 21,371,817 |
| **DEPRECIATION** | | | | |
| At 1 September 2021 | 6,231,180 | 1,209,982 | 68,579 | 7,509,741 |
| Charge for the year | 537,384 | 66,435 | - | 603,819 |
| At 31 August 2022 | 6,768,564 | 1,276,417 | 68,579 | 8,113,560 |
| **NET BOOK VALUE** | | | | |
| At 31 August 2022 | £13,059,350 | £198,907 | £- | £13,258,257 |
| At 31 August 2021 | £13,246,960 | £181,042 | £- | £13,428,002 |

| 8. TANGIBLE FIXED ASSETS (continued) | 2022 £ | 2021 £ |
|---|---|---|
| Land and buildings at net book value comprise | | |
| Freehold property | 11,452,140 | 11,450,602 |
| Leasehold property | 1,607,210 | 1,796,358 |
| | £13,059,350 | £13,246,960 |

| 9. DEBTORS | 2022 £ | 2021 £ |
|---|---|---|
| Fees and charges receivable | 1,593,394 | 663,814 |
| Other debtors | 7,877 | 10,825 |
| Prepayments and accrued income | 342,972 | 158,027 |
| | £1,944,243 | £832,666 |

| 10. CREDITORS: Amounts falling due within one year | 2022 £ | 2021 £ |
|---|---|---|
| Trade creditors | 324,403 | 219,499 |
| Fees charged and fees received in advance | 2,839,292 | 2,055,874 |
| Fee deposits | 52,000 | 52,000 |
| Other creditors | 85,056 | 79,716 |
| Accruals | 188,025 | 281,690 |
| Social security and other taxes | 83,206 | 67,178 |
| Bank loan (see note 12) | 103,902 | 153,125 |
| | £3,675,884 | £2,909,082 |

| 11. CREDITORS: Amounts falling due after one year | 2022 £ | 2021 £ |
|---|---|---|
| Fee deposits | 734,000 | 728,000 |
| Bank loan (see note 12) | 4,688,836 | 4,746,875 |
| | £5,422,836 | £5,474,875 |

| 12. BANK LOANS | 2022 £ | 2021 £ |
|---|---|---|
| **Bank loan maturity analysis** | | |
| Amounts falling due within one year | 103,902 | 153,125 |
| Amounts falling due 1-2 years | 110,090 | 150,832 |
| Amounts falling due 2-5 years | 371,202 | 478,651 |
| Amounts falling due more than 5 years | 4,207,544 | 4,117,392 |
| | £4,792,738 | £4,900,000 |

The School obtained a bank loan of £4,900,000 on 25 November 2020 in order to finance the purchase of Malborough House, 38 Malborough Place, NW8 0PE. The loan is repayable in 288 consecutive monthly instalments representing principal and interest commencing on 25 December 2022. The rate of interest payable on the loan is the Base Rate plus an interest margin of 2.30% per annum. The final repayment date is 25 November 2045.

The School made a voluntary overpayment of £500,000 on 15 December 2022.

As part of the terms of the loan, Lloyds Bank have first legal charges over the freehold land and buildings at Arnold House School and at Malborough House.

| 13. FUNDS | Balance at 1 September 2021 £ | Income £ | Expenditure £ | Balance at 31 August 2022 £ |
|---|---|---|---|---|
| **Unrestricted funds** | | | | |
| General funds | 9,744,134 | 8,122,940 | (7,879,726) | 9,987,348 |
| **Restricted funds** | | | | |
| Bursary fund | 319,259 | 4,058 | (73,281) | 250,036 |
| Family fund | 18,630 | 32,745 | - | 51,375 |
| School equipment fund | 15,038 | 3,800 | - | 18,838 |
| | £10,097,061 | £8,163,543 | (7,953,007) | £10,307,597 |

The Restricted Bursary Fund comprises the balance of money raised and spent on bursaries.

The Restricted School Equipment Fund comprises donations to purchase school equipment.

The Restricted Family Fund comprises donations to provide fees assistance to families affected by Covid-19 pandemic.

13. FUNDS (2021)

| | Balance at 1 September 2020 | Income | Expenditure | Balance at 31 August 2021 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Unrestricted funds** | | | | |
| General funds | 9,754,005 | 5,955,478 | (5,965,349) | 9,744,134 |
| **Restricted funds** | | | | |
| Bursary fund | 367,981 | 21,808 | (70,530) | 319,259 |
| Family fund | 5,817 | 23,728 | (10,915) | 18,630 |
| School equipment | 11,338 | 3,700 | - | 15,038 |
| | £10,139,141 | £6,004,714 | £(6,046,794) | £10,097,061 |

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2022

| | Unrestricted Funds | Restricted Funds | Total Funds |
|---|---|---|---|
| | £ | £ | £ |
| Fixed asset | 13,258,257 | - | 13,258,257 |
| Net current assets | 2,151,927 | 320,249 | 2,472,176 |
| Creditors due after more than one year | (5,422,836) | - | (5,422,836) |
| | £9,987,348 | £320,249 | £10,307,597 |

ANALYSIS OF NET ASSETS BETWEEN FUNDS 2021

| | Unrestricted funds | Restricted funds | Total funds |
|---|---|---|---|
| | £ | £ | £ |
| Fixed asset | 13,428,002 | - | 13,428,002 |
| Net current assets | 1,791,007 | 352,927 | 2,143,934 |
| Creditors due after more than one year | (5,474,875) | - | (5,474,875) |
| | £9,744,134 | £352,927 | £10,097,061 |

15. OTHER FINANCIAL COMMITMENTS

| | Land and buildings 2022 | Land and buildings 2021 |
|---|---|---|
| | £ | £ |
| The future minimum lease payments under non-cancellable operating leases: | | |
| Within one year | 340,000 | 340,000 |
| Between two and five years | 1,360,000 | 1,360,000 |
| After more than 5 years | 1,893,753 | 2,233,753 |
| | £3,593,753 | £3,933,753 |

## 16. PENSION COSTS

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 £472,927 (2021: £380,366) and at the year-end £38,179 (2021: £26,703) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2021, 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.

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.

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.

The School also contributes to a defined contribution scheme for its non-teaching staff. The pension charge for the period includes contributions payable of £61,887 (2021: £87,374) and at the year-end £5,719 (2021: £9,451) was accrued in respect of contributions to this scheme.

## 17. TAXATION

The company by virtue of its charitable status is exempt from taxation on its ordinary activities.

## 18. CONTROL

The charitable company does not have an ultimate controlling party.

## 19. CAPITAL COMMITMENT

There were £nil capital commitments at the 31 August 2022 (2021: £Nil).

## 20. RELATED PARTY TRANSACTIONS

There are three Governors with children attending the School and one Governor with a daughter teaching at the School.

## 21. STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

| | Notes | Unrestricted Funds 2021 £ | Restricted Funds 2021 £ | Total Funds 2021 £ |
|---|---|---|---|---|
| **INCOME FROM:** | | | | |
| **Charitable activities:** | | | | |
| School fee income | 3 | 5,912,155 | - | 5,912,155 |
| Other ancillary income | | 27,677 | - | 27,677 |
| **Other trading activities:** | | | | |
| Rental income | | 12,338 | - | 12,338 |
| **Investment income** | 4 | 3,165 | - | 3,165 |
| **Donations** | 5 | 143 | 49,236 | 49,379 |
| **TOTAL INCOME** | | £5,955,478 | £49,236 | £6,004,714 |
| **EXPENDITURE ON:** | | | | |
| **Charitable activity:** | | | | |
| School Operating Costs: | | | | |
| Teaching costs | | 3,245,265 | - | 3,245,265 |
| Welfare costs | | 274,570 | - | 274,570 |
| Premises costs | | 1,540,845 | - | 1,540,845 |
| Support costs of schooling | | 732,338 | - | 732,338 |
| Grants, awards and prizes | | 20,862 | 81,445 | 102,307 |
| | | 5,813,880 | 81,445 | 5,895,325 |
| **Raising funds:** | | | | |
| Fundraising costs | | 63,832 | - | 63,832 |
| **TOTAL EXPENDITURE** | 6 | £5,965,349 | £81,445 | £6,046,794 |
| **NET INCOME/(EXPENDITURE) BEFORE TRANSFERS & INVESTMENT LOSSES** | | (9,871) | (32,209) | (42,080) |
| Net losses on investments | | - | - | - |
| **NET MOVEMENT IN FUNDS** | | (9,871) | (32,209) | (42,080) |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2020** | | 9,754,005 | 385,136 | 10,139,141 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2021** | 13 | £9,744,134 | £352,927 | £10,097,061 |

**ARNOLD HOUSE SCHOOL LTD**

England & Wales - Charity number 312725

# Accounts

# ARNOLD HOUSE SCHOOL LIMITED
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

31 AUGUST 2021

Haysmacintyre LLP
Chartered Accountants
Registered Auditors

Registered Company Number: 00889424
Registered Charity Number: 312725

**ARNOLD HOUSE SCHOOL LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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**DIRECTORS**

The Directors of the company who served during the year and since year end were:

Dr M P Badenoch
Rev Dr A K Bergquist
H M Burgess (appointed 9 March 2021)
C M S Douglass
M English
E J De Freitas
J B Prosser (resigned 16 December 2020)
M A Sahni (appointed 15 June 2021)
G J Savage (appointed 9 March 2021)
V Savage
D Widdicombe
A J D Woolf
J H Zehner

| | |
|---|---|
| **REGISTERED OFFICE** | 1 Loudoun Road<br>St John's Wood<br>London<br>NW8 0LH |
| **AUDITORS** | Haysmacintyre LLP<br>Chartered Accountants<br>10 Queen Street Place<br>London<br>EC4R 1AG |
| **BANKERS** | The Royal Bank of Scotland Plc<br>48 Haymarket<br>London<br>SW1Y 4SE |
| **SOLICITORS** | Veale Wasbrough Vizards<br>24 King William Street<br>London<br>EC4R 9AT |
| **KEY PERSONNEL** | |
| Headmaster | V W P Thomas, BEd, MA. |
| Bursar/Company Secretary | P Vanninen |
| Deputy Headmaster (Academic) | J Hill |
| Deputy Headmaster (Pastoral) | S Stones |
| **REGISTERED COMPANY NUMBER:** | 00889424 |
| **REGISTERED CHARITY NUMBER:** | 312725 |

The Governors, who are also directors of the company and charity trustees, have pleasure in submitting their report and audited financial statements for the year ended 31 August 2021.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

Arnold House School Limited is a company limited by guarantee and a Registered Charity governed by its Memorandum and Articles of Association.

New Governors are appointed by the Governing Body on the recommendation of the Appointments Sub-Committee. Suitable candidates are sought to meet the need to maintain the best possible balance of relevant skills, expertise and experience on the School's Governing Body. The Finance Committee meets termly to receive updates from the Headmaster and Bursar, to review the School's finances and make recommendations to the full Board of Governors. The Governing Body reviews the recommendations of the Finance Committee which are considered and approved, major issues discussed and policy decisions agreed. Visits from Governors to the School to observe lessons and be updated by the Headmaster, Bursar and Senior staff occur at least termly. Termly meetings also occur between designated Governors, the Academic and Pastoral committees, Health and Safety and Fundraising Development representatives. During the year a number of Governors attended external training seminars with our auditors, AGBIS and other specialists. Governors are encouraged to regularly attend external training courses. Regular updates come from the Clerk and AGBIS.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster, Bursar and the two Deputy Headmasters. Remuneration of these key management personnel is set by the Board, in conjunction with the Headmaster for the Bursar and Deputy Headmasters, using a number of criteria such as nature of role and responsibilities, sector salaries as indicated by various benchmark and other market reports, cost of living increases and trends in pay.

## OBJECTIVES AND ACTIVITIES

The Company, which is constituted as an Educational Charitable Trust, has continued its business of providing preparatory school education throughout the year.

## OBJECTS

To acquire and carry on in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes.

# STRATEGIC REPORT

### Achievements and Performance

For the second year running, Year 8 boys had to contend with much uncertainty surrounding their Common Entrance and Scholarship examinations. Senior Schools adapted their processes with the vast majority thankful that prep schools stepped in, not only to invigilate, but also to mark the papers and send through the results; not dissimilar to the system of teacher assessment being used for GCSEs and A Levels this summer. Despite this, and as we have come to expect, the boys took it all in their stride and met the standard expected of them by their chosen senior schools with a good deal to spare.

We had 34 boys in the year group, the largest Year 8 for five years, which led in turn to a large contingent sitting scholarship exams to a number of schools; City of London, Westminster, UCS, Eton and St Pauls.

The range of senior schools to which Arnold House boys transfer differs from year to year but as a 'stand-alone' prep school we forge strong links with an array of senior schools. This year a range of day and boarding schools were represented on our destinations list: City of London, Eton, Haileybury, Mill Hill, Rugby, Shrewsbury, St Paul's, Tonbridge, UCS, Westminster, Wetherby and Winchester.

**Bursaries**

We have provided five 100% bursary places this year funded through a combination of the School's fee income and donations from the Arnold House community.

Bursaries were given in the year to the value of £104,440 (2020: £81,384).

The Family Fund:

The School was extremely grateful for the generosity shown by our community in supporting those AH families whose income was affected by Covid-19. In the year to August 2021 a total of £23,728 was raised which will go towards fee assistance for those in need.

**Public Benefit**

The Governing Body continues to have due regard with respect to the Charity Act 2011 and to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit" through the following activities. While the lockdown has made it difficult for the school to engage with the wider community as fully as hoped, there have still been several opportunities to build a network for the years to come.

Locally in St John's Wood, relationships have been developed with Barrow Hill Junior School and Sarum Hall. Plans to establish a Classics provision at Barrow Hill with AH boys contributing to sessions are underway. Sarum Hall made use of the facilities at Canons Park for their Sports Day and a closer relationship has been forged following the combined provision for key workers' children over the course of the pandemic. In addition, the school continues to support St John's Wood Church, St Cyprian's and St John's Hackney and all the boys and parents took part in the annual Christmas Gift Bag drive which continues to be a huge success.

At Canons Park, discussions are underway with Whitchurch Primary School to offer some matches / sports sessions for their pupils, as well as conversations on AH boys contributing to Maths and English (particularly reading) skills as part of our growing enrichment offering. This year, Arnold House also contributed to the installation of a defibrillator at Canons Park for the local community. Further, having established closer ties with the 'Friends of Canons Park', the school plans to install beehives as part of a combined drive to improve the wildlife and biodiversity of the park, as well as offering learning opportunities for the boys and pupils from local schools.

**Raising money for charity:**

Over the year, the boys staff and parents raised awareness and support for a number of charities. This was a record year for raising funds for these charities who were extremely grateful to receive the support during what has been a very challenging year for fundraising in general. In the autumn term the boys supported St John's Hospice with a Yellow and Green Day, in the spring it was a Food theme for the London foodbank initiative City Harvest and in the summer the boys took part in a pyjama day in aid of Brain Charity UK.

The total raised for charity to date this academic year was:

| Charity Money Raised 2020-2021 | | |
|---|---|---|
| St John's Hospice | £ | 5,437 |
| City Harvest | £ | 5,000 |
| The Brain Tumour Charity | £ | 3,606 |
| **Total** | **£** | **14,043** |

## FINANCIAL REVIEW

School fee income increased by 5% (2020: 3.5%). There was a increase in bursaries and discounts of 20% (2020: decrease of 30%). Charitable expenditure increased by 9.3% (2020: 0.3%). Income derived from charitable activities was lower than direct charitable expenditure by £43,130 (2020: £164,033). Parents, old boys and others associated with the School made donations of £49,379 (2020: £53,844), a £4,465 decrease compared to the previous year.

The net expenditure from operations for the year was £42,080 (2020: net income of £274,859) before net investment losses of £nil (2020: £58,480). The School aims to achieve an annual surplus to ensure that there are sufficient reserves to manage the School on a prudent financial basis and to provide funds for future capital expenditure.

**Reserves Policy**
As at 31 August 2021, the total funds of the School were £10,097,061 (2020: £10,139,141) which relates to unrestricted funds of £9,744,134 (2020: £9,754,005) and restricted funds of £352,927 (2020: £385,136). The details of the restricted funds are shown in note 14 to the accounts. The free reserves at 31 August 2021 were a deficit of £3,683,868 (2020: surplus of £5,572,140).

The analysis of assets attributable to the Funds is shown in note 15 to the accounts. These assets are sufficient to meet the School's obligations.

The Governors have decided that the School should hold a minimum cash balance of £2m. Additional cash balances are held to fund anticipated future capital projects. The Governors review the reserves policy on an annual basis.

**Risk Review**

The Governors have assessed the major risks to which the School is exposed and are satisfied that systems are in place to mitigate the School's exposure to the major risks. Such risks are reviewed on a regular basis in order to mitigate any impact that they may have on the School in the future.

The Governors consider that the major risks to which the School is currently exposed include:

- Impact of Charity Law and application by the Charity Commission
- A change in Government or change in policy that is inimical to the existence or mode of operation of the independent school sector
- Increase in Teachers' Pension Scheme contributions
- The imposition of VAT on school fees
- Removal of business rates relief for independent schools
- Demographic/social changes
- Major disaster such as a terrorist attack
- Reputational impact of an incident
- Fall in pupil numbers
- Cyber security breach leading to financial or personal harm
- Sustainability – failure to positively contribute to environmental targets
- Lease extension
- Impact of a pandemic
- Staff recruitment

The key controls include:

- Close monitoring of major risks
- Keep strategy on public benefit under review
- Increasing use of bursaries to mitigate political climate
- Pandemic Risk Assessment reviewed regularly by school management

- Selection of new Governors to ensure the Board has broad expertise and experience
- Keep apprised of advice from ISC, ISBA and AGBIS
- Emergency Response Plan reviewed annually
- New lockdown system installed and regular lockdown practices
- Review IT controls and backup systems
- Take appropriate action such as training, on follow up from any incident
- Carry out an environmental review
- Governors reviewing strategy on classes
- Lease Extension work being undertaken by Governors
- PR/legal crisis management in place
- Expanded use of e-media for recruitment such as internet advertising
- Safeguarding and vetting procedures as required by law for the protection of vulnerable children and adults
- Risk assessments for individual activities and departments

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

## PLANS FOR THE FUTURE

Strategic planning is reviewed annually and a further Annual Action Plan is formulated at the beginning of the School year. The associated aims and objectives continue to provide a focus for the day-to-day management of the school. They also find expression in capital projects. Opportunities for improving both indoor and outdoor facilities are constantly being reviewed.

The collaboration with Christ Church Primary School in Camden and other state primary schools continues with a view to increasing the bursary places Arnold House is able to provide, as well as furthering the possibilities of working in partnership with the schools.

On 25 November 2020 the School purchased a new site for the purpose of the provision of pre-reception and reception education. The acquisition cost the School £9m, this was in part funded by cash reserves and a bank facility of £4.9m which was drawn down in full at the acquisition date. The School opened its Early Years provision of reception and pre-reception classes in September 2021 at the new site in Marlborough Place.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Arnold House School Limited for the purposes of company law) are responsible for preparing the Governors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## AUDITORS

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

Governors' Report, incorporating a Strategic Report, approved by the Board of Governors on 8 March 2022 and signed on its behalf by:

**M P Badenoch**
Chair

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## OF ARNOLD HOUSE SCHOOL LIMITED

### Opinion

We have audited the financial statements of Arnold House School for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

**Responsibilities of Governors for the financial statements**
As explained more fully in the Statement of Governors' Responsibilities set out on page 5, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to independent school regulations, safeguarding regulations, health and safety law, GDPR, employment law and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice for Charities (SORP 2019) and payroll tax.

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## OF ARNOLD HOUSE SCHOOL LIMITED

**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.

Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

**Date: 25 March 2022**

ARNOLD HOUSE SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2021

| | Notes | Unrestricted Funds 2021 £ | Restricted Funds 2021 £ | Total Funds 2021 £ | Total Funds 2020 £ |
|---|---|---|---|---|---|
| **INCOME FROM:** | | | | | |
| **Charitable activities:** | | | | | |
| School fee income | 3 | 5,912,155 | - | 5,912,155 | 5,636,293 |
| Other ancillary income | | 27,677 | - | 27,677 | 180 |
| **Other trading activities:** | | | | | |
| Rental income | | 12,338 | - | 12,338 | 17,672 |
| **Investment income** | 4 | 3,165 | - | 3,165 | 102,475 |
| **Donations and grants** | 5 | 143 | 49,236 | 49,379 | 72,974 |
| **TOTAL INCOME** | | £5,955,478 | £49,236 | £6,004,714 | £5,829,594 |
| **EXPENDITURE ON:** | | | | | |
| **Charitable activity:** | | | | | |
| School Operating Costs: | | | | | |
| Teaching costs | | 3,245,265 | - | 3,245,265 | 3,246,150 |
| Welfare costs | | 274,570 | - | 274,570 | 235,083 |
| Premises costs | | 1,540,845 | - | 1,540,845 | 1,209,475 |
| Support costs of schooling | | 732,338 | - | 732,338 | 692,392 |
| Grants, awards and prizes | | 20,862 | 81,445 | 102,307 | 89,340 |
| | | 5,813,880 | 81,445 | 5,895,325 | 5,472,440 |
| **Raising funds:** | | | | | |
| Fundraising costs | | 63,832 | - | 63,832 | 64,662 |
| Investment management costs | | - | - | - | 17,633 |
| Finance costs | | 87,637 | - | 87,637 | - |
| **TOTAL EXPENDITURE** | 6 | £5,965,349 | £81,445 | £6,046,794 | £5,554,735 |
| **NET (EXPENDITURE)/INCOME BEFORE TRANSFERS & INVESTMENT LOSSES** | | (9,871) | (32,209) | (42,080) | 274,859 |
| Net losses on investments | | - | - | - | (58,480) |
| **NET MOVEMENT IN FUNDS** | | (9,871) | (32,209) | (42,080) | 216,379 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2020** | | 9,754,005 | 385,136 | 10,139,141 | 9,922,762 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2021** | 14 | £9,744,134 | £352,927 | £10,097,061 | 10,139,141 |

All disclosures relate only to continuing operations.
All recognised gains and losses are shown in the Statement of Financial Activities.
The comparative Statement of Financial Activities is shown in Note 23.
The notes on pages 13 to 23 form part of these financial statements.

ARNOLD HOUSE SCHOOL LIMITED

Registered Company Number: 00889424

BALANCE SHEET

AS AT 31 AUGUST 2021

| | Notes | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 8 | | 13,428,002 | | 4,181,865 |
| Investments | 9 | | - | | - |
| | | | 13,428,002 | | 4,181,865 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 4,102 | | 4,121 | |
| Debtors | 10 | 832,666 | | 1,378,172 | |
| Cash at bank and in hand | | 4,216,248 | | 7,570,652 | |
| | | 5,053,016 | | 8,952,945 | |
| **CREDITORS: Amounts falling due within one year** | 11 | (2,909,082) | | (2,363,669) | |
| **NET CURRENT ASSETS** | | | 2,143,934 | | 6,589,276 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 15,571,936 | | 10,771,141 |
| **CREDITORS: Amounts falling due after one year** | 12 | | (5,474,875) | | (632,000) |
| **TOTAL NET ASSETS** | | | £10,097,061 | | £10,139,141 |
| **FUNDS** | | | | | |
| Unrestricted | 14 | | 9,744,134 | | 9,754,005 |
| Restricted | 14 | | 352,927 | | 385,136 |
| | | | £10,097,061 | | £10,139,141 |

The financial statements were approved and authorised for issue by the board on 8 March 2022 and were signed below on its behalf by:

.....

**M P Badenoch**
Governor

The notes on pages 13 to 23 form part of these financial statements.

ARNOLD HOUSE SCHOOL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Reconciliation of net cash inflow from operations** | | | | |
| Net income before investment losses | (42,080) | | 274,859 | |
| Depreciation | 514,820 | | 383,079 | |
| Interest received | (413) | | (18,811) | |
| Investment income | (2,752) | | (83,664) | |
| Interest payable | 87,637 | | - | |
| Decrease/(increase) in stock | 19 | | (484) | |
| Decrease/(increase) in debtors | 545,506 | | (289,060) | |
| Increase/(decrease) in creditors | 488,288 | | (8,416) | |
| **Net cash flow from operations** | | 1,591,025 | | 257,503 |
| **Cash flows from investing activities** | | | | |
| Investment income received | 2,752 | | 83,664 | |
| Interest received | 413 | | 18,811 | |
| Proceeds from sale of investments | - | | 3,213,570 | |
| Purchase of tangible assets | (9,760,957) | | (55,267) | |
| Purchase of investments | - | | (258,194) | |
| **Net cash (used in)/provided by investing activities** | | (9,757,792) | | 3,002,584 |
| **Cash flows from financing activities** | | | | |
| New borrowing | 4,900,000 | | - | |
| Interest payable | (87,637) | | | |
| **Net cash provided by financing activities** | | 4,812,363 | | - |
| **Decrease in cash** | | (3,354,404) | | 3,260,087 |
| **Cash and cash equivalents at the beginning of the period** | | 7,570,652 | | 4,310,565 |
| **Cash and cash equivalents at the end of the period** | | £4,216,248 | | £7,570,652 |
| **Analysis of cash and cash equivalents** | | | | |
| Cash at bank | | £4,216,248 | | £7,570,652 |

| **Analysis of changes in net asset/(debt)** | **At 1 September 2020** | **Cash flows** | **Other movements** | **At 31 August 2021** |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 7,570,652 | (3,354,404) | - | 4,216,248 |
| Short term borrowings | - | (153,125) | - | (153,125) |
| Long term borrowings | - | (4,746,875) | - | (4,746,875) |
| Net assets/(debt) | £7,570,652 | £(8,254,404) | - | £(683,752) |

## 1. ACCOUNTING POLICIES

**Accounting Convention**
The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 2019. The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**
Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Governors do not consider there to be any material uncertainties relating to going concern.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**
Fees receivable represent fees less bursaries and allowances, and other income derived from the School's continuing activities and are recognised as the service is provided.

Donations are accounted for on a receivable basis, when the conditions of entitlement, probability and measurement are met. Those received under Gift Aid are grossed up for the tax recoverable.

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

Grant income relates to the Government's Coronavirus Job Retention Grant (CJRG) and is recognised under the accruals basis in line with staff costs.

**Expenditure**
Expenditure is accounted for on an accruals basis as soon as a liability is considered probable.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

1. ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**
All fixed assets with a cost of more than £1,000 are capitalised at cost including those purchased from donations received for that purpose. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:-

| | |
|---|---|
| Freehold property | - 2½-20% per annum |
| Leasehold property | - over the term of the lease |
| Fixtures, fittings and equipment | - 20% per annum |
| Computer equipment | - 33 $^1/_3$% per annum |
| Motor vehicles | - 25% per annum |

Costs relating to No 1 and No 3 Loudoun Road, are being amortised on a straight-line basis over the duration of the respective leases.

**Investments**
Investments are stated at market value. Any gains or loss on revaluation or disposal is taken to the Statement of Financial Activities.

**Financial instruments**
Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*
Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

*Debtors and creditors*
Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Pension**
The teaching staff are members of the Department for Education's superannuation scheme, run by Teacher's Pensions. This is a multi-employer defined benefit scheme where the School is unable to identify its share of the underlying assets and liabilities. The scheme has been accounted for as defined contribution scheme as permitted by section 28 of FRS102 and contributions are accounted for when advised as due.

Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

**Leases and hire purchase contracts**
Rentals paid under operating leases are charged to the Statement of Financial Activities evenly over the period of the lease.

**Funds**
Unrestricted Funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which are available for use at the discretion of the Governors in furtherance of the general objectives of the School.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## 2. STATUS

The company is constituted as an Educational Charitable Trust (Charity Registered number 312725) and is limited by guarantee (Company Registration number 0889424). The liability of each member is limited to an amount not exceeding £1. The School's registered office address is: 1 Loudoun Road, St John's Wood, London, NW8 0LH.

## 3. FEE INCOME

| | 2021 £ | 2020 £ |
|---|---|---|
| Gross tuition fees | 5,775,401 | 5,447,783 |
| Less: bursaries | (104,440) | (81,384) |
| Less: staff discounts | (41,774) | (41,030) |
| | 5,629,187 | 5,325,369 |
| Add: bursaries funded by restricted funds | 70,530 | 54,256 |
| Net tuition fees | 5,699,717 | 5,379,625 |
| Registration fees | 24,898 | 15,800 |
| Other fees and extras | 187,540 | 240,868 |
| | £5,912,155 | £5,636,293 |

## 4. INVESTMENT INCOME

| | 2021 £ | 2020 £ |
|---|---|---|
| Dividends | 2,752 | 83,664 |
| Interest receivable | 413 | 18,811 |
| | £3,165 | £102,475 |

## 5. DONATION AND GRANT INCOME

| | 2021 £ | 2020 £ |
|---|---|---|
| Furlough grant | - | 19,130 |
| Bursary fund donations | 21,808 | 24,378 |
| Family fund donations | 23,728 | 23,535 |
| Other donations | 3,843 | 5,931 |
| | £49,379 | £72,974 |

## 6. TOTAL EXPENDITURE

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2021 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 2,842,250 | 403,015 | - | 3,245,265 |
| Welfare costs | - | 274,570 | - | 274,570 |
| Premises costs | 122,437 | 903,588 | 514,820 | 1,540,845 |
| Support costs | 404,320 | 328,018 | - | 732,338 |
| Grants, awards & prizes | - | 102,307 | - | 102,307 |
| **Raising funds** | | | | |
| Fundraising costs | 28,821 | 35,011 | - | 63,832 |
| Finance costs - interest payable | - | 87,637 | - | 87,637 |
| | £3,397,828 | £2,134,146 | £514,820 | £6,046,794 |

**Governance included in support costs:**

| | |
|---|---|
| Auditors remuneration | £18,960 |

## TOTAL EXPENDITURE (2020)

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2020 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 2,815,792 | 430,358 | - | 3,246,150 |
| Welfare costs | - | 235,083 | - | 235,083 |
| Premises costs | 75,511 | 750,885 | 383,079 | 1,209,475 |
| Support costs | 398,441 | 293,951 | - | 692,392 |
| Grants, awards & prizes | - | 89,340 | - | 89,340 |
| **Raising funds** | | | | |
| Fundraising costs | 25,510 | 39,152 | - | 64,662 |
| Investment management costs | - | 17,633 | - | 17,633 |
| | £3,315,254 | £1,856,402 | £383,079 | £5,554,735 |

**Governance included in support costs:**

| | |
|---|---|
| Auditors remuneration | £18,240 |

## 7. STAFF COSTS

| | 2021 | 2020 |
|---|---|---|
| The average number of employees during the year excluding Governors was: | | |
| Teachers | 49 | 45 |
| Non-teachers | 10 | 10 |
| | 59 | 55 |

| STAFF COSTS (continued) | 2021<br>£ | 2020<br>£ |
|---|---|---|
| Staff costs during the year amounted to: | | |
| Wages and salaries | 2,675,898 | 2,626,393 |
| Social security costs | 254,190 | 251,425 |
| Other pension costs | 467,740 | 437,436 |
| | £3,397,828 | £3,315,254 |

| | 2021<br>Number | 2020<br>Number |
|---|---|---|
| The number of employees where emoluments exceeded £60,000 were: | | |
| £60,000 - £69,999 | 5 | 3 |
| £70,000 - £79,999 | 2 | 4 |
| £130,000-£139,999 | - | - |
| £140,000 - £149,999 | - | 1 |
| £160,000 - £169,999 | 1 | - |

Total remuneration of key management personnel for the year ended 31 August 2021 was £511,853 (2020: £497,084). During the year there were no redundancy or termination payments made (2020: £2,538).

No remuneration is payable to any Governors. Expenses were reimbursed to one governor in the year for £321 (2020: Nil).

## 8. TANGIBLE FIXED ASSETS

| | Land and Buildings<br>£ | Fixtures Fittings and Computer Equipment<br>£ | Motor Vehicles<br>£ | Total<br>£ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 September 2020 | 9,840,332 | 1,267,875 | 68,579 | 11,176,786 |
| Additions | 9,637,808 | 123,149 | - | 9,760,957 |
| At 31 August 2021 | 19,478,140 | 1,391,024 | 68,579 | 20,937,743 |
| **DEPRECIATION** | | | | |
| At 1 September 2020 | 5,774,982 | 1,151,360 | 68,579 | 6,994,921 |
| Charge for the year | 456,198 | 58,622 | - | 514,820 |
| At 31 August 2021 | 6,231,180 | 1,209,982 | 68,579 | 7,509,741 |
| **NET BOOK VALUE** | | | | |
| At 31 August 2021 | £13,246,960 | £181,042 | £- | £13,428,002 |
| At 31 August 2020 | £4,065,350 | £116,515 | £- | £4,181,865 |

| 8. TANGIBLE FIXED ASSETS (continued) | 2021 £ | 2020 £ |
|---|---|---|
| Land and buildings at net book value comprise | | |
| Freehold property | 11,450,602 | 2,057,037 |
| Leasehold property | 1,796,358 | 2,008,313 |
| | £13,246,960 | £4,065,350 |

| 9. INVESTMENTS | 2021 £ | 2020 £ |
|---|---|---|
| At 1 September 2020 | - | 3,013,856 |
| Additions | - | 258,194 |
| Disposals | - | (3,213,570) |
| Unrealised (loss)/gain | - | (160,422) |
| Realised gain | - | 101,942 |
| | - | - |
| Cash held within portfolio | - | - |
| At 31 August 2021 | - | - |
| Historic cost | - | - |

| 10. DEBTORS | 2021 £ | 2020 £ |
|---|---|---|
| Fees and charges receivable | 663,814 | 1,254,379 |
| Other debtors | 10,825 | 4,815 |
| Prepayments and accrued income | 158,027 | 118,978 |
| | £832,666 | £1,378,172 |

| 11. CREDITORS: Amounts falling due within one year | 2021 £ | 2020 £ |
|---|---|---|
| Trade creditors | 219,499 | 29,667 |
| Fees charged and fees received in advance | 2,055,874 | 1,932,108 |
| Fee deposits | 52,000 | 66,000 |
| Other creditors | 79,716 | 120,863 |
| Accruals | 281,690 | 150,555 |
| Social security and other taxes | 67,178 | 64,476 |
| Bank loan (see note 13) | 153,125 | - |
| | £2,909,082 | £2,363,669 |

| 12. CREDITORS: Amounts falling due after one year | 2021 £ | 2020 £ |
|---|---|---|
| Fee deposits | 728,000 | 632,000 |
| Bank loan (see note 13) | 4,746,875 | - |
| | £5,474,875 | £632,000 |

| 13. BANK LOANS | 2021 £ | 2020 £ |
|---|---|---|
| **Bank loan maturity analysis** | | |
| Amounts falling due within one year | 153,125 | - |
| Amounts falling due 1-2 years | 204,167 | - |
| Amounts falling due 2-5 years | 612,500 | - |
| Amounts falling due more than 5 years | 3,930,208 | - |
| | £4,900,000 | - |

The School obtained a bank loan of £4,900,000 on 25 November 2020 in order to finance the purchase of Malborough House, 38 Malborough Place, NW8 0PE. The loan is repayable in 288 consecutive monthly instalments representing principal and interest commencing on 25 December 2021. The rate of interest payable on the loan is the Base Rate plus an interest margin of 2.30% per annum. The final repayment date is 25 November 2045.

As part of the terms of the loan, Lloyds Bank have first legal charges over the freehold land and buildings at Arnold House School and at Malborough House.

| 14. FUNDS | Balance at 1 September 2020 £ | Income £ | Expenditure £ | Investment gains/(losses) and transfers £ | Balance at 31 August 2021 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| General funds | 9,754,005 | 5,955,478 | (5,965,349) | - | 9,744,134 |
| **Restricted funds** | | | | | |
| Bursary fund | 367,981 | 21,808 | (70,530) | - | 319,259 |
| Family fund | 5,817 | 23,728 | (10,915) | - | 18,630 |
| School equipment fund | 11,338 | 3,700 | - | - | 15,038 |
| | £10,139,141 | £6,004,714 | £(6,046,794) | £- | £10,097,061 |

The Restricted Bursary Fund comprises the balance of money raised and spent on bursaries.

The Restricted School Equipment Fund comprises donations to purchase school equipment.

The Restricted Family Fund comprises donations to provide fees assistance to families affected by Covid-19 pandemic.

14. FUNDS (2020)

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Investment gains/(losses) and transfers £ | Balance at 31 August 2020 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| General funds | 9,509,866 | 5,778,960 | (5,476,341) | (58,480) | 9,754,005 |
| **Restricted funds** | | | | | |
| Bursary fund | 404,278 | 24,379 | (60,676) | - | 367,981 |
| Family fund | - | 23,535 | (17,718) | - | 5,817 |
| School equipment | 8,618 | 2,720 | - | - | 11,337 |
| | £9,922,762 | £5,829,594 | £(5,554,735) | £(58,480) | £10,139,141 |

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2021

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds £ |
|---|---|---|---|
| Fixed asset | 13,428,002 | - | 13,428,002 |
| Net current assets | 1,791,007 | 352,927 | 2,143,934 |
| Creditors due after more than one year | (5,474,875) | - | (5,474,875) |
| | £9,744,134 | £352,927 | £10,097,061 |

ANALYSIS OF NET ASSETS BETWEEN FUNDS 2020

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|---|---|---|
| Fixed asset | 4,181,865 | - | 4,181,865 |
| Net current assets | 6,204,140 | 385,136 | 6,589,276 |
| Creditors due after more than one year | (632,000) | - | (632,000) |
| | £9,754,005 | £385,136 | £10,139,141 |

16. OTHER FINANCIAL COMMITMENTS

| | Land and buildings 2021 £ | Land and buildings 2020 £ |
|---|---|---|
| The future minimum lease payments under non-cancellable operating leases: | | |
| Within one year | 340,000 | 340,000 |
| Between two and five years | 1,360,000 | 1,360,000 |
| After more than 5 years | 2,233,753 | 2,573,753 |
| | £3,933,753 | £4,273,753 |

## 17. PENSION COSTS

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £380,366 (2020: £365,594) and at the year-end £26,703 (2020: £39,327) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2020, 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.

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 School also contributes to a defined contribution scheme for its non-teaching staff. The pension charge for the period includes contributions payable of £87,374 (2020: £71,844) and at the year-end £9,451 (2020: £13,366) was accrued in respect of contributions to this scheme.

## 18. TAXATION

The company by virtue of its charitable status is exempt from taxation on its ordinary activities.

## 19. CONTROL

The charitable company does not have an ultimate controlling party.

## 20. CAPITAL COMMITMENT

There were £nil capital commitments at the 31 August 2021 (2020: £Nil).

## 21. RELATED PARTY TRANSACTIONS

There are three Governors with children attending the School and one Governor with a daughter teaching at the School.

## 22. POST BALANCE SHEET EVENTS

The Governors opened the pre-reception and reception provisions in September 2021.

## 23. STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

| | Notes | Unrestricted Funds 2020 £ | Restricted Funds 2020 £ | Total Funds 2020 £ |
|---|---|---|---|---|
| **INCOME FROM:** | | | | |
| **Charitable activities:** | | | | |
| School fee income | 3 | 5,636,293 | - | 5,636,293 |
| Other ancillary income | | 180 | - | 180 |
| **Other trading activities:** | | | | |
| Rental income | | 17,672 | - | 17,672 |
| **Investment income** | 4 | 102,475 | - | 104,275 |
| **Donations** | 5 | 22,340 | 50,634 | 72,974 |
| **TOTAL INCOME** | | 5,778,960 | 50,634 | 5,829,594 |
| **EXPENDITURE ON:** | | | | |
| **Charitable activity:** | | | | |
| School Operating Costs: | | | | |
| Teaching costs | | 3,246,150 | - | 3,246,150 |
| Welfare costs | | 235,083 | - | 235,083 |
| Premises costs | | 1,209,475 | - | 1,209,475 |
| Support costs of schooling | | 692,392 | - | 692,392 |
| Grants, awards and prizes | | 10,496 | 78,394 | 89,340 |
| | | 5,394,046 | 78,394 | 5,472,440 |
| **Raising funds:** | | | | |
| Fundraising costs | | 64,662 | - | 64,662 |
| Investment management costs | | 17,633 | - | 17,633 |
| **TOTAL EXPENDITURE** | 6 | £5,476,341 | £78,394 | £5,554,735 |
| **NET INCOME/(EXPENDITURE) BEFORE TRANSFERS & INVESTMENT LOSSES** | | 302,619 | (27,760) | 274,859 |
| Net losses on investments | | (58,480) | - | (58,480) |
| **NET MOVEMENT IN FUNDS** | | 244,139 | (27,760) | 216,379 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2019** | | 9,509,866 | 412,896 | 9,922,762 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2020** | 14 | £9,754,005 | £385,136 | £10,139,141 |

**ARNOLD HOUSE SCHOOL LTD**

England & Wales - Charity number 312725

# Accounts

# ARNOLD HOUSE SCHOOL LIMITED
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

31 AUGUST 2020

Haysmacintyre LLP
Chartered Accountants
Registered Auditors

Registered Company Number: 00889424
Registered Charity Number: 312725

**ARNOLD HOUSE SCHOOL LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

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**DIRECTORS**

The Directors of the company who served during the year and since year end were:

Dr M P Badenoch
Rev Dr A K Bergquist
H Burgess (appointed 9 March 2021)
M English (appointed 8 October 2019)
E J De Freitas
P S J Derham (resigned 9 July 2020)
C M S Douglass
A N J Fafalios (resigned 9 July 2020)
J B Prosser (resigned 16 December 2020)
G Savage (appointed 9 March 2021)
V Savage (appointed 10 March 2020)
D Widdicombe
A J D Woolf
J H Zehner

**REGISTERED OFFICE**

1 Loudoun Road
St John's Wood
London
NW8 0LH

**AUDITORS**

Haysmacintyre LLP
Chartered Accountants
10 Queen Street Place
London
EC4R 1AG

**BANKERS**

The Royal Bank of Scotland Plc
48 Haymarket
London
SW1Y 4SE

**INVESTMENT BROKERS**

Brewin Dolphin
12 Smithfield Street
London
EC1A 9LA

**SOLICITORS**

Veale Wasbrough Vizards
24 King William Street
London
EC4R 9AT

**KEY PERSONNEL**

| | |
|---|---|
| Headmaster | V W P Thomas, BEd, MA. |
| Bursar/Company Secretary | P Vanninen |
| Deputy Headmaster (Academic) | J Hill |
| Deputy Headmaster (Pastoral) | S Stones |

**REGISTERED COMPANY NUMBER:** 00889424

**REGISTERED CHARITY NUMBER:** 312725

The Governors, who are also directors of the company and charity trustees, have pleasure in submitting their report and audited financial statements for the year ended 31 August 2020.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

Arnold House School Limited is a company limited by guarantee and a Registered Charity governed by its Memorandum and Articles of Association.

New Governors are appointed by the Governing Body on the recommendation of the Appointments Sub-Committee. Suitable candidates are sought to meet the need to maintain the best possible balance of relevant skills, expertise and experience on the School's Governing Body. The Finance Committee meets termly to receive updates from the Headmaster and Bursar, to review the School's finances and make recommendations to the full Board of Governors. The Governing Body reviews the recommendations of the Finance Committee which are considered and approved, major issues discussed and policy decisions agreed. Visits from Governors to the School to observe lessons and be updated by the Headmaster, Bursar and Senior staff occur at least termly. Termly meetings also occur between designated Governors, the Academic and Pastoral committees, Health and Safety and Fundraising Development representatives. During the year a number of Governors attended external training seminars with our auditors, AGBIS and other specialists. Governors are encouraged to regularly attend external training courses. Regular updates come from the Clerk and AGBIS.

The Governors determine the general policy of the School. The day-to-day management of the School is delegated to the Headmaster, Bursar and the two Deputy Headmasters. Remuneration of these key management personnel is set by the Board, in conjunction with the Headmaster for the Bursar and Deputy Headmasters, using a number of criteria such as nature of role and responsibilities, sector salaries as indicated by various benchmark and other market reports, cost of living increases and trends in pay.

### OBJECTIVES AND ACTIVITIES

The Company, which is constituted as an Educational Charitable Trust, has continued its business of providing preparatory school education throughout the year.

### OBJECTS

To acquire and carry on in the United Kingdom any boarding or day school or schools for the education of children of either sex or both sexes.

## STRATEGIC REPORT

### Achievements and Performance

The boys' final term at Arnold House was an unexpected and complete departure from the experience enjoyed by former AH boys. The Covid-19 pandemic, subsequent national lockdown and closure of the School put paid to the Leavers' Programme and also to the Scholarship and Common Entrance examination season. The odd senior school managed to complete a part of their exam schedule or decided to postpone scholarship exams until Year 9. The majority, however, followed the same line taken with GCSEs and A Levels and cancelled them altogether.

Their predicted grades (92% graded A* to B and 72% A* or A) confirm the extremely high standards to which they were working and compare very favourably with those achieved by Y8 boys over the past five years.

Eight boys had the honour of being entered for academic scholarships to a number of schools' Eton, Sevenoaks, St Paul's and Westminster. Three more boys were considered for sports scholarships at Harrow and St Alban's with two gaining their awards.

The range of senior schools to which Arnold House boys transfer differs from year to year but as a 'stand-alone' prep school we forge strong links with an array of senior schools. This year a range of day and boarding schools were represented on our destinations list: City of London, Eton, Harrow, Merchant Taylors', Mill Hill, Sevenoaks, St Albans, St Paul's, Tonbridge, UCS and Westminster.

**Bursaries**

We have provided four 100% bursary places this year funded through a combination of the School's fee income and donations from the Arnold House community. £24,379 was raised for the fund during the year following a number of generous donations from current parents, old boys and friends of the School. It was with huge disappointment that this year's fundraising event - the Arnold House Proms - had to be cancelled and we hope to be able to reschedule in the future.

Bursaries were given in the year to the total value of £81,384 (2019: £95,160).

The Family Fund:

The School was extremely grateful for the generosity shown by our community in supporting those AH families whose income was affected by Covid-19. A short appeal resulted in a total of £23,535 being raised which will go towards fee assistance for those in need during these unprecedented times.

**Public Benefit**

The Governing Body continues to have due regard with respect to the Charity Act 2011 and to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit" through the following activities.

The School continues to value and encourage the free use of its facilities and grounds by other schools and groups in the community. Clubs to benefit from the use of our Activity Centre at Canons Park including Acorn Tennis Club and Lupton Bowls Club. Friends of Canons Park and the Canons Park Estate Association are welcome users of our facility for meetings, local concerts and events. Local primary schools are encouraged to use the sports facilities and indoor hall for drama and music. In the evenings local groups take part in Aikido, Drama, Yoga, Tai Chi, Zumba and indoor bowls. A number of cricket clubs have also held matches on the grounds during the summer seasons.

This year, the School has continued to build on its good relationships with the St John's Hospice, St John's Wood Church, St Cyprian's and St John's Hackney. Over the year the School has continued it support with involvement in a number of initiatives and activities which have included:

- Loan of mini buses to Christ Church Primary School
- Christmas box collection for the Hackney community
- Book drive for Re-Read
- Coat drive for St Mary's Church community

**Raising money for charity:**

Over the year, the boys, staff and parents have raised significant amounts of money for a variety of local, national and international worthy causes, including Plastic Oceans UK, St John's Hospice and the Royal British Legion. There were three charity days this year with a 'Save Our Planet' theme in the autumn, a music theme in the spring and a remote lockdown charity day with a blue theme in the summer term.

The total raised for charity to date this academic year was:

| Charity Money Raised 2019-2020 | | |
|---|---|---|
| Plastic Oceans UK | £ | 3,140 |
| St John's Hospice | £ | 1,490 |
| British Royal Legion | £ | 207 |
| Hackney Church | £ | 500 |
| **Total** | **£** | **5,337** |

## FINANCIAL REVIEW

School fee income increased by 3.5% (2019: 5.6%). This reflects a fee increase of around 7% (2019: 4.0%) and a 10% reduction in the fee for the Summer 2020 term in respect of COVID-19. There was a decrease in bursaries and discounts of 30% (2019: 9.8%). Charitable expenditure increased by 0.3% (2019: 2.8%). Income derived from charitable activities was lower than direct charitable expenditure by £164,033 (2019: £62,047). Parents, old boys and others associated with the School made donations of £53,844, a £51,689 decrease (2019: £86,824) compared to the previous year.

The net income from operations for the year was £274,859 (2019: £127,390) before net investment losses of £58,480 (2019: £106,729). The School aims to achieve an annual surplus to ensure that there are sufficient reserves to manage the School on a prudent financial basis and to provide funds for future capital expenditure.

**Investment Policy and Performance**
Surplus funds will be managed on a conservative basis but not always by way of cash deposits: some long-term equity risk is acceptable. The Governors have considered the performance of the investments to be satisfactory when compared to the overall market.

**Reserves Policy**
As at 31 August 2020, the total funds of the School were £10,139,141 (2019: £9,922,762) which relates to unrestricted funds of £9,754,005 (2019: £9,509,866) and restricted funds of £385,136 (2019: £412,896). The details of the restricted funds are shown in note 13 to the accounts. The free reserves at 31 August 2020 were £5,572,140 (2019: £5,000,189).

The analysis of assets attributable to the Funds is shown in note 14 to the accounts. These assets are sufficient to meet the School's obligations.

The Governors have decided that the School should have sufficient cash reserves to fund a term's fees (currently £2m). The additional cash reserves are held to fund anticipated future capital projects. The Governors review the reserves policy on an annual basis.

**Risk Review**

The Governors have assessed the major risks to which the School is exposed and are satisfied that systems are in place to mitigate the School's exposure to the major risks. Such risks are reviewed on a regular basis in order to mitigate any impact that they may have on the School in the future.

The Governors consider that the major risks to which the School is currently exposed include:

- The threat of Covid-19
- Impact of Charity Law and application by the Charity Commission
- A change in Government or change in policy that is inimical to the existence or mode of operation of the independent school sector
- Increase in Teachers' Pension Scheme contributions
- The imposition of VAT on school fees
- Removal of business rates relief for independent schools
- Demographic/social changes and Brexit
- Major disaster such as a terrorist attack
- Fall in pupil numbers
- Lease Extension
- Staff recruitment

The key controls include:

- Follow up to date guidance on Covid
- Covid Risk Assessment reviewed regularly by school management
- Close monitoring of major risks
- Keep strategy on public benefit under review

- Increasing use of bursaries to mitigate political climate
- Selection of new Governors to ensure the Board has broad expertise and experience
- Keep apprised of advice from ISC, ISBA and AGBIS
- Emergency Response Plan reviewed annually
- New lockdown system installed and regular lockdown practices
- Governors reviewing strategy on classes
- Lease Extension work being undertaken by Governors
- PR/legal crisis management in place
- Expanded use of e-media for recruitment such as internet advertising
- Ensure School is aware of any employees with potential EU immigration issues
- Safeguarding and vetting procedures as required by law for the protection of vulnerable children and adults
- Risk assessments for individual activities and departments

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

## PLANS FOR THE FUTURE

Strategic planning is reviewed annually and a further Annual Action Plan is formulated at the beginning of the School year. The associated aims and objectives continue to provide a focus for the day-to-day management of the school. They also find expression in capital projects. Opportunities for improving both indoor and outdoor facilities are constantly being reviewed.

The collaboration with Christ Church Primary School in Camden and other state primary schools continues with a view to increasing the bursary places Arnold House is able to provide, as well as furthering the possibilities of working in partnership with the schools.

On 25 November 2020 the School purchased a new site for the purpose of the provision of pre-reception and reception education. The acquisition cost the School £9m, this was in part funded by cash reserves and a bank facility of £4.9m which was drawn down in full at the acquisition date. The Governors plan to open the pre-reception and reception in September 2021.

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who are also directors of Arnold House School Limited for the purposes of company law) are responsible for preparing the Governors' Report incorporating the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time of the financial position of the charitable company and enable them to ensure that the financial statements comply with the

Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## AUDITORS

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

Governors' Report, incorporating a Strategic Report, approved by the Board of Governors on 9 March 2021 and signed on its behalf by:

**M P Badenoch**
Chair

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## OF ARNOLD HOUSE SCHOOL LIMITED

### Opinion

We have audited the financial statements of Arnold House School Limited for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Responsibilities of Governors for the financial statements

As explained more fully in the Statement of Governors' Responsibilities set out on page 5 (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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Conclusions relating to going concern

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

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

### Other information

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

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

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Governors' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report (which incorporates the strategic report and the directors' report).

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

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

**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.



Tracey Young (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

**Date:9 March 2021**

ARNOLD HOUSE SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)

FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | Unrestricted Funds 2020 £ | Restricted Funds 2020 £ | Total Funds 2020 £ | Total Funds 2019 £ |
|---|---|---|---|---|---|
| **INCOME FROM:** | | | | | |
| **Charitable activities:** | | | | | |
| School fee income | 3 | 5,636,293 | - | 5,636,293 | 5,444,707 |
| Other ancillary income | | 180 | - | 180 | 4,996 |
| **Other trading activities:** | | | | | |
| Rental income | | 17,672 | - | 17,672 | 19,804 |
| **Investment income** | 4 | 102,475 | - | 102,475 | 105,318 |
| **Donations and grants** | 5 | 22,340 | 50,634 | 72,974 | 105,533 |
| **TOTAL INCOME** | | £5,778,960 | £50,634 | £5,829,594 | £5,680,358 |
| **EXPENDITURE ON:** | | | | | |
| **Charitable activity:** | | | | | |
| School Operating Costs: | | | | | |
| Teaching costs | | 3,246,150 | - | 3,246,150 | 3,227,228 |
| Welfare costs | | 235,083 | - | 235,083 | 317,793 |
| Premises costs | | 1,209,475 | - | 1,209,475 | 1,227,428 |
| Support costs of schooling | | 692,392 | - | 692,392 | 583,153 |
| Grants, awards and prizes | | 10,946 | 78,394 | 89,340 | 100,884 |
| | | 5,394,046 | 78,394 | 5,472,440 | 5,456,486 |
| **Raising funds:** | | | | | |
| Fundraising costs | | 64,662 | - | 64,662 | 65,562 |
| Investment management costs | | 17,633 | - | 17,633 | 30,920 |
| **TOTAL EXPENDITURE** | 6 | £5,476,341 | £78,394 | £5,554,735 | £5,552,968 |
| **NET INCOME/(EXPENDITURE) BEFORE TRANSFERS & INVESTMENT GAINS** | | 302,619 | (27,760) | 274,859 | 127,390 |
| Net gains on investments | | (58,480) | - | (58,480) | 106,729 |
| **NET MOVEMENT IN FUNDS** | | 244,139 | (27,760) | 216,379 | 234,119 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2019** | | 9,509,866 | 412,896 | 9,922,762 | 9,688,643 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2020** | 13 | £9,754,005 | £385,136 | £10,139,141 | £9,922,762 |

All disclosures relate only to continuing operations.
All recognised gains and losses are shown in the Statement of Financial Activities.
The comparative Statement of Financial Activities is shown in Note 21.
The notes on pages 12 to 21 form part of these financial statements.

ARNOLD HOUSE SCHOOL LIMITED

Registered Company Number: 0889424

BALANCE SHEET

AS AT 31 AUGUST 2020

| | Notes | 2020 | | 2019 | |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| **FIXED ASSETS** | | | | | |
| Tangible fixed assets | 8 | | 4,181,865 | | 4,509,677 |
| Investments | 9 | | - | | 3,049,076 |
| | | | 4,181,865 | | 7,558,753 |
| **CURRENT ASSETS** | | | | | |
| Stock | | 4,121 | | 3,637 | |
| Debtors | 10 | 1,378,172 | | 1,089,112 | |
| Cash at bank and in hand | | 7,570,652 | | 4,275,345 | |
| | | 8,952,945 | | 5,368,094 | |
| **CREDITORS: Amounts falling due within one year** | 11 | (2,363,669) | | (2,398,085) | |
| **NET CURRENT ASSETS** | | | 6,589,276 | | 2,970,009 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 10,771,141 | | 10,528,762 |
| **CREDITORS: Amounts falling due after one year** | 12 | | (632,000) | | (606,000) |
| **TOTAL NET ASSETS** | | | £10,139,141 | | £9,922,762 |
| **FUNDS** | | | | | |
| Unrestricted | 13 | | 9,754,005 | | 9,509,866 |
| Restricted | 13 | | 385,136 | | 412,896 |
| | | | £10,139,141 | | £9,922,762 |

The financial statements were approved and authorised for issue by the board on 9 March 2021 and were signed below on its behalf by:

M P Badenoch

.....

**M P Badenoch**
Governor

The notes on pages 12 to 21 form part of these financial statements.

ARNOLD HOUSE SCHOOL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Reconciliation of net cash inflow from operations** | | | | |
| Net income before investment gains | 274,859 | | 127,390 | |
| Depreciation | 383,079 | | 400,682 | |
| Interest received | (18,811) | | (16,244) | |
| Investment income | (83,664) | | (89,074) | |
| Increase in stock | (484) | | (388) | |
| (Increase)/decrease in debtors | (289,060) | | 169,478 | |
| (Decrease)/increase in creditors | (8,416) | | 281,245 | |
| **Net cash flow from operations** | | 257,503 | | 873,089 |
| **Cash flows from investing activities** | | | | |
| Investment income received | 83,664 | | 89,074 | |
| Interest received | 18,811 | | 16,244 | |
| Proceeds from sale of investments | 3,213,570 | | 389,848 | |
| Purchase of tangible assets | (55,267) | | (156,024) | |
| Purchase of investments | (258,194) | | (413,183) | |
| **Net cash provided by/(used in) investing activities** | | 3,002,584 | | (74,041) |
| **Increase in cash** | | 3,260,087 | | 799,048 |
| **Cash and cash equivalents at the beginning of the period** | | 4,310,565 | | 3,511,517 |
| **Cash and cash equivalents at the end of the period** | | £7,570,652 | | 4,310,565 |
| **Analysis of cash and cash equivalents** | | | | |
| Cash at bank | | 7,570,652 | | 4,275,345 |
| Cash held by investment managers | | - | | 35,220 |
| | | £7,570,652 | | £4,310,565 |

## 1. ACCOUNTING POLICIES

**Accounting Convention**
The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), 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 2019. The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**
Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis. The Governors do not consider there to be any material uncertainties relating to going concern.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**
Fees receivable represent fees less bursaries and allowances, and other income derived from the School's continuing activities and are recognised as the service is provided.

Donations are accounted for on a receivable basis, when the conditions of entitlement, probability and measurement are met. Those received under Gift Aid are grossed up for the tax recoverable.

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

Grant income relates to the Government's Coronavirus Job Retention Grant (CJRG) and is recognised under the accruals basis in line with staff costs.

**Expenditure**
Expenditure is accounted for on an accruals basis as soon as a liability is considered probable.

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Employment benefits, including holiday pay, are recognised in the period in which they are earned. Termination benefits are recognised in the period in which the decision is made and communicated to the relevant employee(s).

1. ACCOUNTING POLICIES (continued)

**Tangible fixed assets and depreciation**
All fixed assets with a cost of more than £1,000 are capitalised at cost including those purchased from donations received for that purpose. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:-

| | |
|---|---|
| Freehold property | - 2½-20% per annum |
| Leasehold property | - over the term of the lease |
| Fixtures, fittings and equipment | - 20% per annum |
| Computer equipment | - 33 1/3% per annum |
| Motor vehicles | - 25% per annum |

Costs relating to No 1 and No 3 Loudoun Road, are being amortised on a straight-line basis over the duration of the respective leases.

**Investments**
Investments are stated at market value. Any gains or loss on revaluation or disposal is taken to the Statement of Financial Activities.

**Financial instruments**
Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*
Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

*Debtors and creditors*
Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Pension**
The teaching staff are members of the Department for Education's superannuation scheme, run by Teacher's Pensions. This is a multi-employer defined benefit scheme where the School is unable to identify its share of the underlying assets and liabilities. The scheme has been accounted for as defined contribution scheme as permitted by section 28 of FRS102 and contributions are accounted for when advised as due.

Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

**Leases and hire purchase contracts**
Rentals paid under operating leases are charged to the Statement of Financial Activities evenly over the period of the lease.

**Funds**
Unrestricted Funds comprise the accumulated surplus or deficit from the Statement of Financial Activities which are available for use at the discretion of the Governors in furtherance of the general objectives of the School.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

## 2. STATUS

The company is constituted as an Educational Charitable Trust (Charity Registered number 312725) and is limited by guarantee (Company Registration number 0889424). The liability of each member is limited to an amount not exceeding £1. The School's registered office address is: 1 Loudoun Road, St John's Wood, London, NW8 0LH.

## 3. FEE INCOME

| | 2020 £ | 2019 £ |
|---|---|---|
| Gross tuition fees | 5,447,783 | 5,151,084 |
| Less: bursaries | (81,384) | (95,160) |
| Less: staff discounts | (41,030) | (80,880) |
| | 5,325,369 | 4,975,044 |
| Add: bursaries funded by restricted funds | 54,256 | 63,440 |
| Net tuition fees | 5,379,625 | 5,038,484 |
| Registration fees | 15,800 | 25,100 |
| Other fees and extras | 240,868 | 381,123 |
| | £5,636,293 | £5,444,707 |

In the summer 2020 term, school fees were discounted by a total of £187,183 to acknowledge the impact of the Covid-19 pandemic on parents.

## 4. INVESTMENT INCOME

| | 2020 £ | 2019 £ |
|---|---|---|
| Dividends | 83,664 | 89,074 |
| Interest receivable | 18,811 | 16,244 |
| | £102,475 | £105,318 |

## 5. DONATION AND GRANT INCOME

| | 2020 £ | 2019 £ |
|---|---|---|
| Furlough grant | 19,130 | - |
| Bursary fund donations | 24,378 | 82,642 |
| Family fund donations | 23,535 | - |
| Other donations | 5,931 | 22,690 |
| | £72,974 | £105,533 |

## 6. TOTAL EXPENDITURE

| | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2020 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 2,815,792 | 430,358 | - | 3,246,150 |
| Welfare costs | - | 235,083 | - | 235,083 |
| Premises costs | 75,511 | 750,885 | 383,079 | 1,209,475 |
| Support costs | 398,441 | 293,951 | - | 692,392 |
| Grants, awards & prizes | - | 89,340 | - | 89,340 |
| **Raising funds** | | | | |
| Fundraising costs | 25,510 | 39,152 | - | 64,662 |
| Investment management costs | - | 17,633 | - | 17,633 |
| | £3,315,254 | £1,856,402 | £383,079 | £5,554,735 |

**Governance included in support costs:**
Auditors remuneration £18,240

| TOTAL EXPENDITURE (2019) | Staff Costs £ | Other Costs £ | Depreciation £ | Total 2019 £ |
|---|---|---|---|---|
| **Charitable activity** | | | | |
| Teaching costs | 2,666,135 | 561,093 | - | 3,227,228 |
| Welfare costs | - | 317,793 | - | 317,793 |
| Premises costs | 77,861 | 748,885 | 400,682 | 1,227,428 |
| Support costs | 356,263 | 248,133 | - | 604,396 |
| Grants, awards & prizes | - | 79,641 | - | 79,641 |
| **Raising funds** | | | | |
| Fundraising costs | 25,729 | 39,833 | - | 65,562 |
| Investment management costs | - | 30,920 | - | 30,920 |
| | £3,125,988 | £2,026,298 | £400,682 | £5,552,968 |

**Governance included in support costs:**
Auditors remuneration £17,520

## 7. STAFF COSTS

| | 2020 | 2019 |
|---|---|---|
| The average number of employees during the year excluding Governors was: | | |
| Teachers | 45 | 45 |
| Non-teachers | 10 | 12 |
| | 55 | 57 |

| STAFF COSTS (continued) | 2020 £ | 2019 £ |
|---|---|---|
| Staff costs during the year amounted to: | | |
| Wages and salaries | 2,626,393 | 2,571,707 |
| Social security costs | 251,425 | 244,746 |
| Other pension costs | 437,436 | 309,535 |
| | £3,315,254 | £3,125,988 |

| | 2020 Number | 2019 Number |
|---|---|---|
| The number of employees where emoluments exceeded £60,000 were: | | |
| £60,000 - £69,999 | 3 | 4 |
| £70,000 - £79,999 | 4 | 2 |
| £130,000-£139,999 | - | 1 |
| £140,000 - £149,999 | 1 | - |

Total remuneration of key management personnel for the year ended 31 August 2020 was £497,084 (2019: £450,454). During the year there were £2,538 redundancy or termination payments made (2019: £Nil).

No remuneration is payable to any Governors. No Governors were reimbursed any expenses (2019: Nil).

## 8. TANGIBLE FIXED ASSETS

| | Land and Buildings £ | Fixtures Fittings and Computer Equipment £ | Motor Vehicles £ | Total £ |
|---|---|---|---|---|
| **COST** | | | | |
| At 1 September 2019 | 9,796,212 | 1,256,728 | 68,579 | 11,121,519 |
| Additions | 44,120 | 11,147 | - | 55,267 |
| At 31 August 2020 | 9,840,332 | 1,267,875 | 68,579 | 11,176,786 |
| **DEPRECIATION** | | | | |
| At 1 September 2019 | 5,458,152 | 1,085,111 | 68,579 | 6,611,842 |
| Charge for the year | 316,830 | 66,249 | - | 383,079 |
| At 31 August 2020 | 5,774,982 | 1,151,360 | 68,579 | 6,994,921 |
| **NET BOOK VALUE** | | | | |
| At 31 August 2020 | £4,065,350 | £116,515 | £- | £4,181,865 |
| At 31 August 2019 | £4,338,060 | £171,617 | £- | £4,509,677 |

| 8. TANGIBLE FIXED ASSETS (continued) | 2020 £ | 2019 £ |
|---|---|---|
| Land and buildings at net book value comprise | | |
| Freehold property | 2,057,037 | 2,152,037 |
| Leasehold property | 2,008,313 | 2,177,734 |
| | £4,065,350 | £4,329,771 |

| 9. INVESTMENTS | 2020 £ | 2019 £ |
|---|---|---|
| At 1 September 2019 | 3,013,856 | 2,883,792 |
| Additions | 258,194 | 413,183 |
| Disposals | (3,213,570) | (389,848) |
| Unrealised (loss)/gain | (160,422) | 106,729 |
| Realised gain | 101,942 | - |
| | - | 3,013,856 |
| Cash held within portfolio | - | 35,220 |
| At 31 August 2020 | - | £3,049,076 |
| Historic cost | - | £2,734,153 |

| 10. DEBTORS | 2020 £ | 2019 £ |
|---|---|---|
| Fees and charges receivable | 1,254,379 | 854,920 |
| Other debtors | 4,815 | 2,795 |
| Prepayments and accrued income | 118,978 | 231,397 |
| | £1,378,172 | £1,089,112 |

| 11. CREDITORS: Amounts falling due within one year | 2020 £ | 2019 £ |
|---|---|---|
| Trade creditors | 29,667 | 226,554 |
| Fees charged and fees received in advance | 1,932,108 | 1,892,484 |
| Fee deposits | 66,000 | 70,000 |
| Other creditors | 120,863 | 60,064 |
| Accruals | 150,555 | 87,609 |
| Social security and other taxes | 64,476 | 61,374 |
| | £2,363,669 | £2,398,085 |

| 12. CREDITORS: Amounts falling due after one year | 2020 £ | 2019 £ |
|---|---|---|
| Fee deposits | £632,000 | £606,000 |

| 13. FUNDS | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Investment gains/(losses) and transfers £ | Balance at 31 August 2020 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| General funds | 9,509,866 | 5,778,960 | (5,476,341) | (58,480) | 9,754,005 |
| | | | | - | |
| **Restricted funds** | | | | - | |
| Bursary fund | 404,278 | 24,379 | (60,676) | - | 367,981 |
| Family fund | - | 23,535 | (17,718) | - | 5,817 |
| School equipment fund | 8,618 | 2,720 | - | - | 11,338 |
| | £9,922,762 | £5,829,594 | £(5,554,735) | £(58,480) | £10,139,141 |

The Restricted Bursary Fund comprises the balance of money raised and spent on bursaries.

The Restricted School Equipment Fund comprises donations to purchase school equipment.

The Restricted Family Fund comprises donations to provide fees assistance to families affected by Covid-19 pandemic.

| FUNDS (2019) | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Investment Gains/(losses) and transfers £ | Balance at 31 August 2019 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| General funds | 9,287,617 | 5,588,897 | (5,473,377) | 106,729 | 9,509,866 |
| **Restricted funds** | | | | | |
| Bursary fund | 401,026 | 82,843 | (79,591) | - | 404,278 |
| School equipment | - | 8,618 | - | - | 8,618 |
| | £9,688,643 | £5,680,358 | £(5,552,968) | £106,729 | £9,922,762 |

| 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS 2020 | Unrestricted Funds £ | Restricted Funds £ | Total Funds £ |
|---|---|---|---|
| Fixed asset | 4,181,865 | - | 4,181,865 |
| Net current assets | 6,204,140 | 385,136 | 6,589,276 |
| Creditors due after more than one year | (632,000) | - | (632,000) |
| | £9,754,005 | £385,136 | £10,139,141 |

## 14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| 2019 | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|---|---|---|---|
| Fixed asset | 4,509,677 | - | 4,509,677 |
| Investments | 3,049,076 | - | 3,049,076 |
| Net current assets | 2,557,113 | 412,896 | 2,970,009 |
| Creditors due after more than one year | (606,000) | - | (606,000) |
| | £9,509,866 | £412,896 | £9,922,762 |

## 15. OTHER FINANCIAL COMMITMENTS

| | Land and buildings 2020 £ | 2019 £ |
|---|---|---|
| The future minimum lease payments under non-cancellable operating leases: | | |
| Within one year | 340,000 | 340,000 |
| Between two and five years | 1,360,000 | 1,360,000 |
| After more than 5 years | 2,573,753 | 3,594,685 |
| | £4,273,753 | £5,294,685 |

## 16. PENSION COSTS

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 £365,594 (2019: £252,281) and at the year-end £39,327 (2019: £36,638) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

## 16. PENSION COSTS (continued)

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

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

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

The School also contributes to a defined contribution scheme for its non-teaching staff. The pension charge for the period includes contributions payable of £71,844 (2019: £57,254) and at the year-end £13,366 (2019: £9,129) was accrued in respect of contributions to this scheme.

## 17. TAXATION

The company by virtue of its charitable status is exempt from taxation on its ordinary activities.

## 18. CONTROL

The charitable company does not have an ultimate controlling party.

## 19. CAPITAL COMMITMENT

There were £nil capital commitments at the 31 August 2020 (2019: £Nil).

## 20. RELATED PARTY TRANSACTIONS

There are three Governors with children attending the School and one Governor with a daughter teaching at the School.

A donation of Nil (2019: £4,000) was made by the School to St John's Wood Church, a Governor is the Vicar of the Church.

No (2019: Three) Governors made donations of £nil (2019: £700) to the School during the year.

## 21. POST BALANCE SHEET EVENTS

On 25 November 2020 the School purchased a new site for the purpose of the provision of pre-reception and reception education. The acquisition cost the School £9m, this was in part funded by cash reserves and a bank facility of £4.9m which was drawn down in full at the acquisition date. The Governors plan to open the pre-reception and reception in September 2021.

## 22. STATEMENT OF FINANCIAL ACTIVITIES - COMPARATIVE FIGURES BY FUND TYPE

| | Notes | Unrestricted Funds 2019 £ | Restricted Funds 2019 £ | Total Funds 2019 £ |
|---|---|---|---|---|
| **INCOME FROM:** | | | | |
| **Charitable activities:** | | | | |
| School fee income | 3 | 5,444,707 | - | 5,444,707 |
| Other ancillary income | | 4,996 | - | 4,996 |
| **Other trading activities:** | | | | |
| Rental income | | 19,804 | - | 19,804 |
| **Investment income** | 4 | 105,318 | - | 105,318 |
| **Donations** | 5 | 14,072 | 91,461 | 105,533 |
| **TOTAL INCOME** | | £5,588,897 | £91,461 | £5,680,358 |
| **EXPENDITURE ON:** | | | | |
| **Charitable activity:** | | | | |
| School Operating Costs: | | | | |
| Teaching costs | | 3,227,228 | - | 3,227,228 |
| Welfare costs | | 317,793 | - | 317,793 |
| Premises costs | | 1,227,428 | - | 1,227,428 |
| Support costs of schooling | | 583,153 | - | 583,153 |
| Grants, awards and prizes | | 21,293 | 79,591 | 100,884 |
| | | 5,376,895 | 79,591 | 5,456,486 |
| **Raising funds:** | | | | |
| Fundraising costs | | 65,562 | - | 65,562 |
| Investment management costs | | 30,920 | - | 30,920 |
| **TOTAL EXPENDITURE** | 6 | £5,473,377 | £79,591 | £5,552,968 |
| **NET INCOME/(EXPENDITURE) BEFORE TRANSFERS & INVESTMENT GAINS** | | 115,520 | 11,870 | 127,390 |
| Net gains on investments | | 106,729 | - | 106,729 |
| **NET MOVEMENT IN FUNDS** | | 222,249 | 11,870 | 234,119 |
| **BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2018** | | 9,287,617 | 401,026 | 9,688,643 |
| **BALANCE CARRIED FORWARD AT 31 AUGUST 2019** | 13 | £9,509,866 | £412,896 | £9,922,762 |