

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

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
Bursar/Company Secretary
Deputy Headmaster (Academic)
Deputy Headmaster (Pastoral)

V W P Thomas, BEd, MA.
P Vanninen
J Hill
S Stones

REGISTERED COMPANY NUMBER:

00889424

REGISTERED CHARITY NUMBER:

312725

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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.

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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 its 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

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

- 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

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

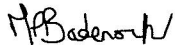
In so far as we are aware:

- 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF ARNOLD HOUSE SCHOOL LIMITED**

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		<u>£5,778,960</u>	<u>£50,634</u>	<u>£5,829,594</u>	<u>£5,680,358</u>
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
		<u>5,394,046</u>	<u>78,394</u>	<u>5,472,440</u>	<u>5,456,486</u>
Raising funds:					
Fundraising costs		64,662	-	64,662	65,562
Investment management costs		17,633	-	17,633	30,920
TOTAL EXPENDITURE	6	<u>£5,476,341</u>	<u>£78,394</u>	<u>£5,554,735</u>	<u>£5,552,968</u>
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		<u>244,139</u>	<u>(27,760)</u>	<u>216,379</u>	<u>234,119</u>
BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2019					
		<u>9,509,866</u>	<u>412,896</u>	<u>9,922,762</u>	<u>9,688,643</u>
BALANCE CARRIED FORWARD AT 31 AUGUST 2020					
	13	<u>£9,754,005</u>	<u>£385,136</u>	<u>£10,139,141</u>	<u>£9,922,762</u>

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.

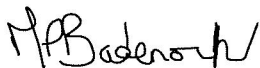
The notes on pages 12 to 21 form part of these financial statements.

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
		<u>4,181,865</u>	<u>7,558,753</u>
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
		<u>8,952,945</u>	<u>5,368,094</u>
CREDITORS: Amounts falling due within one year	11	<u>(2,363,669)</u>	<u>(2,398,085)</u>
NET CURRENT ASSETS		<u>6,589,276</u>	<u>2,970,009</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,771,141	10,528,762
CREDITORS: Amounts falling due after one year	12	<u>(632,000)</u>	<u>(606,000)</u>
TOTAL NET ASSETS		<u>£10,139,141</u>	<u>£9,922,762</u>
FUNDS			
Unrestricted	13	9,754,005	9,509,866
Restricted	13	385,136	412,896
		<u>£10,139,141</u>	<u>£9,922,762</u>

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
 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		<u>£7,570,652</u>		<u>4,310,565</u>
Analysis of cash and cash equivalents				
Cash at bank		7,570,652		4,275,345
Cash held by investment managers		-		35,220
		<u>£7,570,652</u>		<u>£4,310,565</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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).

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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 ⅓% 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.

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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)
	<u>5,325,369</u>	<u>4,975,044</u>
Add: bursaries funded by restricted funds	54,256	63,440
	<u>5,379,625</u>	<u>5,038,484</u>
Net tuition fees	5,379,625	5,038,484
Registration fees	15,800	25,100
Other fees and extras	240,868	381,123
	<u><u>£5,636,293</u></u>	<u><u>£5,444,707</u></u>

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
	<u>£102,475</u>	<u>£105,318</u>

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
	<u>£72,974</u>	<u>£105,533</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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
	<u>£3,315,254</u>	<u>£1,856,402</u>	<u>£383,079</u>	<u>£5,554,735</u>
Governance included in support costs:				
Auditors remuneration				<u>£18,240</u>
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
	<u>£3,125,988</u>	<u>£2,026,298</u>	<u>£400,682</u>	<u>£5,552,968</u>
Governance included in support costs:				
Auditors remuneration				<u>£17,520</u>
7. STAFF COSTS			2020	2019
The average number of employees during the year excluding Governors was:				
Teachers			45	45
Non-teachers			10	12
			<u>55</u>	<u>57</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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
	<u>£3,315,254</u>	<u>£3,125,988</u>

	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	-
	<u> </u>	<u> </u>

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
	<u>9,840,332</u>	<u>1,267,875</u>	<u>68,579</u>	<u>11,176,786</u>
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
	<u>5,774,982</u>	<u>1,151,360</u>	<u>68,579</u>	<u>6,994,921</u>
NET BOOK VALUE				
At 31 August 2020	<u>£4,065,350</u>	<u>£116,515</u>	<u>£-</u>	<u>£4,181,865</u>
At 31 August 2019	<u>£4,338,060</u>	<u>£171,617</u>	<u>£-</u>	<u>£4,509,677</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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
	<u>£4,065,350</u>	<u>£4,329,771</u>
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	-
	<u>-</u>	<u>3,013,856</u>
Cash held within portfolio	-	35,220
	<u>-</u>	<u>£3,049,076</u>
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
	<u>£1,378,172</u>	<u>£1,089,112</u>
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
	<u>£2,363,669</u>	<u>£2,398,085</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

12. CREDITORS: Amounts falling due after one year				2020	2019
				£	£
Fee deposits				£632,000	£606,000
13. FUNDS	Balance at	Income	Expenditure	Investment	Balance at
	1 September			gains/(losses)	31 August
	2019			and transfers	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
	<u>£9,922,762</u>	<u>£5,829,594</u>	<u>£(5,554,735)</u>	<u>£(58,480)</u>	<u>£10,139,141</u>

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	Income	Expenditure	Investment	Balance at
	1 September			Gains/(losses)	31 August
	2018			and transfers	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
	<u>£9,688,643</u>	<u>£5,680,358</u>	<u>£(5,552,968)</u>	<u>£106,729</u>	<u>£9,922,762</u>

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted	Restricted	Total
2020	Funds	Funds	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)
	<u>£9,754,005</u>	<u>£385,136</u>	<u>£10,139,141</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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)
	<u>£9,509,866</u>	<u>£412,896</u>	<u>£9,922,762</u>

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
	<u>£4,273,753</u>	<u>£5,294,685</u>

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.

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 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.

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2020

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		<u>£5,588,897</u>	<u>£91,461</u>	<u>£5,680,358</u>
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
		<u>5,376,895</u>	<u>79,591</u>	<u>5,456,486</u>
Raising funds:				
Fundraising costs		65,562	-	65,562
Investment management costs		30,920	-	30,920
TOTAL EXPENDITURE	6	<u>£5,473,377</u>	<u>£79,591</u>	<u>£5,552,968</u>
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		<u>222,249</u>	<u>11,870</u>	<u>234,119</u>
BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2018				
		<u>9,287,617</u>	<u>401,026</u>	<u>9,688,643</u>
BALANCE CARRIED FORWARD AT 31 AUGUST 2019				
	13	<u>£9,509,866</u>	<u>£412,896</u>	<u>£9,922,762</u>