

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

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
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

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 2021

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.

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

FINANCIAL REVIEW

School fee income increased by 5% (2020: 3.5%). There was an 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

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

- 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.

ARNOLD HOUSE SCHOOL LIMITED

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

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

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		<u>£5,955,478</u>	<u>£49,236</u>	<u>£6,004,714</u>	<u>£5,829,594</u>
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
		<u>5,813,880</u>	<u>81,445</u>	<u>5,895,325</u>	<u>5,472,440</u>
Raising funds:					
Fundraising costs		63,832	-	63,832	64,662
Investment management costs		-	-	-	17,633
Finance costs		87,637	-	87,637	-
TOTAL EXPENDITURE	6	<u>£5,965,349</u>	<u>£81,445</u>	<u>£6,046,794</u>	<u>£5,554,735</u>
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		<u>9,754,005</u>	<u>385,136</u>	<u>10,139,141</u>	<u>9,922,762</u>
BALANCE CARRIED FORWARD AT 31 AUGUST 2021	14	<u>£9,744,134</u>	<u>£352,927</u>	<u>£10,097,061</u>	<u>10,139,141</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 23.

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

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021	2020
		£	£
FIXED ASSETS			
Tangible fixed assets	8	13,428,002	4,181,865
Investments	9	-	-
		<u>13,428,002</u>	<u>4,181,865</u>
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
		<u>5,053,016</u>	<u>8,952,945</u>
CREDITORS: Amounts falling due within one year	11	<u>(2,909,082)</u>	<u>(2,363,669)</u>
NET CURRENT ASSETS		<u>2,143,934</u>	<u>6,589,276</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,571,936</u>	<u>10,771,141</u>
CREDITORS: Amounts falling due after one year	12	<u>(5,474,875)</u>	<u>(632,000)</u>
TOTAL NET ASSETS		<u><u>£10,097,061</u></u>	<u><u>£10,139,141</u></u>
FUNDS			
Unrestricted	14	9,744,134	9,754,005
Restricted	14	352,927	385,136
		<u><u>£10,097,061</u></u>	<u><u>£10,139,141</u></u>

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)

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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 2021

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 2021

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)
	<u>5,629,187</u>	<u>5,325,369</u>
Add: bursaries funded by restricted funds	70,530	54,256
	<u>5,699,717</u>	<u>5,379,625</u>
Net tuition fees	5,699,717	5,379,625
Registration fees	24,898	15,800
Other fees and extras	187,540	240,868
	<u><u>£5,912,155</u></u>	<u><u>£5,636,293</u></u>

4. INVESTMENT INCOME

	2021	2020
	£	£
Dividends	2,752	83,664
Interest receivable	413	18,811
	<u>£3,165</u>	<u>£102,475</u>

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
	<u>£49,379</u>	<u>£72,974</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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
	<u>£3,397,828</u>	<u>£2,134,146</u>	<u>£514,820</u>	<u>£6,046,794</u>
Governance included in support costs:				
Auditors remuneration				<u>£18,960</u>
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
	<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>
7. STAFF COSTS			2021	2020
The average number of employees during the year excluding Governors was:				
Teachers			49	45
Non-teachers			10	10
			<u>59</u>	<u>55</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

STAFF COSTS (continued)	2021 £	2020 £
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
	<u>£3,397,828</u>	<u>£3,315,254</u>

	2021 Number	2020 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	-
	<u> </u>	<u> </u>

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 £	Fixtures Fittings and Computer Equipment £	Motor Vehicles £	Total £
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	<u>19,478,140</u>	<u>1,391,024</u>	<u>68,579</u>	<u>20,937,743</u>
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	<u>6,231,180</u>	<u>1,209,982</u>	<u>68,579</u>	<u>7,509,741</u>
NET BOOK VALUE				
At 31 August 2021	<u>£13,246,960</u>	<u>£181,042</u>	<u>£-</u>	<u>£13,428,002</u>
At 31 August 2020	<u>£4,065,350</u>	<u>£116,515</u>	<u>£-</u>	<u>£4,181,865</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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
	<u>£13,246,960</u>	<u>£4,065,350</u>
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
	<u>-</u>	<u>-</u>
Cash held within portfolio	-	-
	<u>-</u>	<u>-</u>
At 31 August 2021	-	-
	<u>-</u>	<u>-</u>
Historic cost	-	-
	<u>-</u>	<u>-</u>
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
	<u>£832,666</u>	<u>£1,378,172</u>
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	-
	<u>£2,909,082</u>	<u>£2,363,669</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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

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	-
	<u>£4,900,000</u>	<u>-</u>

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
	<u>£10,139,141</u>	<u>£6,004,714</u>	<u>£(6,046,794)</u>	<u>£-</u>	<u>£10,097,061</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.

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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
	<u>£9,922,762</u>	<u>£5,829,594</u>	<u>£(5,554,735)</u>	<u>£(58,480)</u>	<u>£10,139,141</u>

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)
	<u>£9,744,134</u>	<u>£352,927</u>	<u>£10,097,061</u>

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)
	<u>£9,754,005</u>	<u>£385,136</u>	<u>£10,139,141</u>

16. OTHER FINANCIAL COMMITMENTS

	Land and buildings 2021 £	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
	<u>£3,933,753</u>	<u>£4,273,753</u>

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

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.

ARNOLD HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 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		<u>5,778,960</u>	<u>50,634</u>	<u>5,829,594</u>
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
		<u>5,394,046</u>	<u>78,394</u>	<u>5,472,440</u>
Raising funds:				
Fundraising costs		64,662	-	64,662
Investment management costs		17,633	-	17,633
TOTAL EXPENDITURE	6	<u>£5,476,341</u>	<u>£78,394</u>	<u>£5,554,735</u>
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		<u>244,139</u>	<u>(27,760)</u>	<u>216,379</u>
BALANCE BROUGHT FORWARD AT 1 SEPTEMBER 2019				
		<u>9,509,866</u>	<u>412,896</u>	<u>9,922,762</u>
BALANCE CARRIED FORWARD AT 31 AUGUST 2020				
	14	<u>£9,754,005</u>	<u>£385,136</u>	<u>£10,139,141</u>