

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

**FINANCIAL STATEMENTS**

**31 AUGUST 2022**

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

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

# **ARNOLD HOUSE SCHOOL LIMITED**

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

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### **DIRECTORS**

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

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

### **REGISTERED OFFICE**

1 Loudoun Road  
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)

G Tollit  
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 2022**

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

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

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

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

#### **OBJECTIVES AND ACTIVITIES**

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

#### **OBJECTS**

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

### **STRATEGIC REPORT**

#### **Achievements and Performance**

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

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

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

## **ARNOLD HOUSE SCHOOL LIMITED**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2022**

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

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

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

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

#### **Bursaries**

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

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

#### **The Family Fund:**

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

#### **Public Benefit**

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

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

## ARNOLD HOUSE SCHOOL LIMITED

### GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

#### Raising money for charity:

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

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

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

#### FINANCIAL REVIEW

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

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

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

#### Reserves Policy

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

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

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

**ARNOLD HOUSE SCHOOL LIMITED**  
**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Risk Review**

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

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

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

The key controls include:

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

## **ARNOLD HOUSE SCHOOL LIMITED**

### **GOVERNORS' REPORT (continued)**

#### **FOR THE YEAR ENDED 31 AUGUST 2022**

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#### **Fundraising**

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

#### **PLANS FOR THE FUTURE**

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

#### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

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

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

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

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

In so far as we are aware:

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

#### **AUDITORS**

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

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



M Sahni  
Chair of Finance Committee

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

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### **Opinion**

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

In our opinion, the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

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

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

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



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

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### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of Governors for the financial statements**

As explained more fully in the Statement of Governors' Responsibilities set out on page 6, the Governors (who are also the directors of the charitable company for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

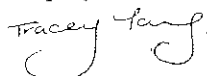
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irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Use of our report**

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



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

10 Queen Street Place  
London  
EC4R 1AG

**Date:** 4 May 2023

**ARNOLD HOUSE SCHOOL LIMITED**

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

**FOR THE YEAR ENDED 31 AUGUST 2022**

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

All disclosures relate only to continuing operations.

All recognised gains and losses are shown in the Statement of Financial Activities.

The comparative Statement of Financial Activities is shown in Note 21.

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

## BALANCE SHEET

AS AT 31 AUGUST 2022

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

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



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

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

**ARNOLD HOUSE SCHOOL LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2022**

|   | 2022                       |                   | 2021                   |                          |
|---|----------------------------|-------------------|------------------------|--------------------------|
|   | £                          | £                 | £                      | £                        |
| <b>Reconciliation of net cash inflow from operations</b>        |                            |                   |                        |                          |
| Net income before investment losses                             | 210,536                    |                   | (42,080)               |                          |
| Depreciation  | 603,819                    |                   | 514,820                |                          |
| Interest received   | (5,799)                    |                   | (413)                  |                          |
| Investment income   | -                          |                   | (2,752)                |                          |
| Interest payable  | 140,956                    |                   | 87,637                 |                          |
| (Increase)/decrease in stock                                    | (917)                      |                   | 19                     |                          |
| (Increase)/decrease in debtors                                  | (1,111,577)                |                   | 545,506                |                          |
| Increase in creditors   | 822,024                    |                   | 488,288                |                          |
| <b>Net cash flow from operations</b>                            |                            | 659,042           |                        | 1,591,025                |
| <b>Cash flows from investing activities</b>                     |                            |                   |                        |                          |
| Investment income received                                      | -                          |                   | 2,752                  |                          |
| Interest received   | 5,799                      |                   | 413                    |                          |
| Purchase of tangible assets                                     | (434,074)                  |                   | (9,760,957)            |                          |
| <b>Net cash (used in) investing activities</b>                  |                            | (428,274)         |                        | (9,757,792)              |
| <b>Cash flows from financing activities</b>                     |                            |                   |                        |                          |
| New borrowing   | -                          |                   | 4,900,000              |                          |
| Loan repayments   | (107,262)                  |                   | -                      |                          |
| Interest payable  | (140,956)                  |                   | (87,637)               |                          |
| <b>Net cash (used in)/provided by financing activities</b>      |                            | (248,218)         |                        | 4,812,363                |
| <b>Decrease in cash</b>   |                            | (17,450)          |                        | (3,354,404)              |
| <b>Cash and cash equivalents at the beginning of the period</b> |                            | 4,216,248         |                        | 7,570,652                |
| <b>Cash and cash equivalents at the end of the period</b>       |                            | £4,198,798        |                        | £4,216,248               |
| <b>Analysis of cash and cash equivalents</b>                    |                            |                   |                        |                          |
| Cash at bank  |                            | £4,198,798        |                        | £4,216,248               |
| <b>Analysis of changes in net asset/(debt)</b>                  | <b>At 1 September 2022</b> | <b>Cash flows</b> | <b>Other movements</b> | <b>At 31 August 2022</b> |
|   | £                          | £                 | £                      | £                        |
| Cash and cash equivalents                                       | 4,216,248                  | (17,450)          | -                      | 4,198,798                |
| Short term borrowings   | (153,125)                  | 49,223            | -                      | (103,902)                |
| Long term borrowings  | (4,746,875)                | 58,039            | -                      | (4,688,836)              |
| <b>Net assets/(debt)</b>  | <b>£(683,752)</b>          | <b>£89,812</b>    | <b>-</b>               | <b>£(593,940)</b>        |

**ARNOLD HOUSE SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. ACCOUNTING POLICIES**

**Accounting Convention**

The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") – effective 1 January 2019. The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments. The Charity is a Public Benefit Entity as defined by FRS102.

**Going concern**

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

**Significant judgments and sources estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Governors, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Income**

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

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

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

**Expenditure**

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

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

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

# ARNOLD HOUSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

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### 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.

#### **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 2022****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**

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

**4. INVESTMENT INCOME**

|                     | <b>2022</b>   | <b>2021</b>   |
|---------------------|---------------|---------------|
|                     | <b>£</b>      | <b>£</b>      |
| Dividends           | -             | 2,752         |
| Interest receivable | 5,799         | 413           |
|                     | <u>£5,799</u> | <u>£3,165</u> |

**5. DONATION AND GRANT INCOME**

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



**ARNOLD HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

| <b>6. TOTAL EXPENDITURE</b>  | <b>Staff<br/>Costs<br/>£</b> | <b>Other<br/>Costs<br/>£</b> | <b>Depreciation<br/>£</b> | <b>Total<br/>2022<br/>£</b> |
|--|------------------------------|------------------------------|---------------------------|-----------------------------|
| <b>Charitable activity</b>   |                              |                              |                           |                             |
| Teaching costs   | 3,599,733                    | 646,938                      | -                         | 4,246,671                   |
| Welfare costs  | -                            | 497,294                      | -                         | 497,294                     |
| Premises costs   | 145,561                      | 1,242,344                    | 603,819                   | 1,991,724                   |
| Support costs  | 489,347                      | 378,023                      | -                         | 867,371                     |
| Grants, awards & prizes  | -                            | 86,068                       | -                         | 86,068                      |
| <b>Raising funds</b>   |                              |                              |                           |                             |
| Fundraising costs  | 28,837                       | 94,086                       | -                         | 122,923                     |
| Finance costs - interest payable   | -                            | 140,956                      | -                         | 140,956                     |
|  | <u>£4,263,478</u>            | <u>£3,085,709</u>            | <u>£603,819</u>           | <u>£7,953,007</u>           |
| <b>Governance included in support costs:</b>                             |                              |                              |                           |                             |
| Auditors remuneration – audit of the financial statements                |                              |                              |                           | £17,940                     |
| Auditors remuneration – other  |                              |                              |                           | £2,400                      |
|  |                              |                              |                           | <u>£17,940</u>              |
| <b>TOTAL EXPENDITURE (2021)</b>  | <b>Staff<br/>Costs<br/>£</b> | <b>Other<br/>Costs<br/>£</b> | <b>Depreciation<br/>£</b> | <b>Total<br/>2021<br/>£</b> |
| <b>Charitable activity</b>   |                              |                              |                           |                             |
| 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                     |
| <b>Raising funds</b>   |                              |                              |                           |                             |
| Fundraising costs  | 28,821                       | 35,011                       | -                         | 63,832                      |
| Investment management costs  | -                            | 87,637                       | -                         | 87,637                      |
|  | <u>£3,397,828</u>            | <u>£2,134,146</u>            | <u>£514,820</u>           | <u>£6,046,794</u>           |
| <b>Governance included in support costs:</b>                             |                              |                              |                           |                             |
| Auditors remuneration – audit of the financial statements                |                              |                              |                           | £16,680                     |
| Auditors remuneration – other  |                              |                              |                           | £2,280                      |
|  |                              |                              |                           | <u>£16,680</u>              |
| <b>7. STAFF COSTS</b>  |                              |                              | <b>2022</b>               | <b>2021</b>                 |
| The average number of employees during the year excluding Governors was: |                              |                              |                           |                             |
| Teachers   |                              |                              | 62                        | 49                          |
| Non-teachers   |                              |                              | 14                        | 10                          |
|  |                              |                              | <u>76</u>                 | <u>59</u>                   |

**ARNOLD HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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

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

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

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

**8. TANGIBLE FIXED ASSETS**

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

**ARNOLD HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

| <b>8. TANGIBLE FIXED ASSETS (continued)</b>                   | <b>2022</b>        | <b>2021</b>        |
|---|--------------------|--------------------|
|   | <b>£</b>           | <b>£</b>           |
| Land and buildings at net book value comprise                 |                    |                    |
| Freehold property   | 11,452,140         | 11,450,602         |
| Leasehold property  | 1,607,210          | 1,796,358          |
|   | <u>£13,059,350</u> | <u>£13,246,960</u> |
| <br><b>9. DEBTORS</b>   | <br><b>2022</b>    | <br><b>2021</b>    |
|   | <b>£</b>           | <b>£</b>           |
| Fees and charges receivable                                   | 1,593,394          | 663,814            |
| Other debtors   | 7,877              | 10,825             |
| Prepayments and accrued income                                | 342,972            | 158,027            |
|   | <u>£1,944,243</u>  | <u>£832,666</u>    |
| <br><b>10. CREDITORS: Amounts falling due within one year</b> | <br><b>2022</b>    | <br><b>2021</b>    |
|   | <b>£</b>           | <b>£</b>           |
| Trade creditors   | 324,403            | 219,499            |
| Fees charged and fees received in advance                     | 2,839,292          | 2,055,874          |
| Fee deposits  | 52,000             | 52,000             |
| Other creditors   | 85,056             | 79,716             |
| Accruals  | 188,025            | 281,690            |
| Social security and other taxes                               | 83,206             | 67,178             |
| Bank loan (see note 12)                                       | 103,902            | 153,125            |
|   | <u>£3,675,884</u>  | <u>£2,909,082</u>  |

**ARNOLD HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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

| <b>12. BANK LOANS</b>                 | <b>2022<br/>£</b> | <b>2021<br/>£</b> |
|---------------------------------------|-------------------|-------------------|
| <b>Bank loan maturity analysis</b>    |                   |                   |
| Amounts falling due within one year   | 103,902           | 153,125           |
| Amounts falling due 1-2 years         | 110,090           | 150,832           |
| Amounts falling due 2-5 years         | 371,202           | 478,651           |
| Amounts falling due more than 5 years | 4,207,544         | 4,117,392         |
|                                       | <u>£4,792,738</u> | <u>£4,900,000</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 2022. The rate of interest payable on the loan is the Base Rate plus an interest margin of 2.30% per annum. The final repayment date is 25 November 2045.

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

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

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

| <b>13. FUNDS (2021)</b>   | <b>Balance at<br/>1 September<br/>2020<br/>£</b> | <b>Income<br/>£</b> | <b>Expenditure<br/>£</b> | <b>Balance at<br/>31 August<br/>2021<br/>£</b> |
|---------------------------|--|---------------------|--------------------------|--|
| <b>Unrestricted funds</b> |  |                     |                          |  |
| General funds             | 9,754,005  | 5,955,478           | (5,965,349)              | 9,744,134                                      |
| <b>Restricted funds</b>   |  |                     |                          |  |
| Bursary fund              | 367,981  | 21,808              | (70,530)                 | 319,259  |
| Family fund               | 5,817  | 23,728              | (10,915)                 | 18,630   |
| School equipment          | 11,338   | 3,700               | -                        | 15,038   |
|                           | <u>£10,139,141</u>                               | <u>£6,004,714</u>   | <u>£(6,046,794)</u>      | <u>£10,097,061</u>                             |

| <b>14. ANALYSIS OF NET ASSETS BETWEEN FUNDS<br/>2022</b> | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>Funds<br/>£</b> | <b>Total<br/>Funds<br/>£</b> |
|--|-------------------------------------|-----------------------------------|------------------------------|
| Fixed asset  | 13,258,257                          | -                                 | 13,258,257                   |
| Net current assets                                       | 2,151,927                           | 320,249                           | 2,472,176                    |
| Creditors due after more than one year                   | (5,422,836)                         | -                                 | (5,422,836)                  |
|  | <u>£9,987,348</u>                   | <u>£320,249</u>                   | <u>£10,307,597</u>           |

| <b>ANALYSIS OF NET ASSETS BETWEEN FUNDS<br/>2021</b> | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>funds<br/>£</b> |
|--|-------------------------------------|-----------------------------------|------------------------------|
| 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>           |

**15. OTHER FINANCIAL COMMITMENTS**

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

## ARNOLD HOUSE SCHOOL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### FOR THE YEAR ENDED 31 AUGUST 2022

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#### 16. PENSION COSTS

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £472,927 (2021: £380,366) and at the year-end £38,179 (2021: £26,703) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2021, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

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

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

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

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

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

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

#### 17. TAXATION

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

**ARNOLD HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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**18. CONTROL**

The charitable company does not have an ultimate controlling party.

**19. CAPITAL COMMITMENT**

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

**20. RELATED PARTY TRANSACTIONS**

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

**ARNOLD HOUSE SCHOOL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 AUGUST 2022**

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

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