

Company Number: 03093684

Charity Number: 1048805

LORENDEN SCHOOL

ANNUAL REPORT
FOR THE YEAR ENDED
31 AUGUST 2021

LORENDEN SCHOOL

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021

CONTENTS

	Page
Reference and administrative details	2 - 3
Report of the trustees	4 - 11
Statement of trustees' responsibilities	12
Auditor's report	13 - 16
Financial statements:	
Statement of financial activities	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20 – 31

LORENDEN SCHOOL

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Name	Lorenden School
Company number	03093684
Charity number	1048805
Registered office	Lorenden Preparatory School Painter's Forstal Faversham Kent ME13 0EN
Key management Personnel (excluding Governors)	Mrs K Uttley, Head Teacher (resigned 31.08.2021) Mr A Collings, Bursar and Clerk to the Governors (resigned 31.08.2021) Mr R McIntosh, Head Teacher (appointed 01.09.2021) Mr M Davis, Bursar and Clerk to the Governors (appointed 01.09.2021)
Bankers	Barclays Bank PLC 9 St Georges Street Canterbury Kent CT1 2JX
Solicitor	Pothecary Witham Weld 70 St George's Square London SW1V 3RD
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

LORENDEN SCHOOL

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2021

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Governors

The directors and trustees of Lorenden School are also the governors.

Those who served as governors during the year and up to the date of signature of the annual report were as follows:

Mr P Harland	Chair
Mrs L J Cocking	Resigned 01.10.2021
Mrs G Baker	
Dr C L Bounds	Resigned 01.10.2021
Mr R Boyd-Howell	
Mrs A L Fontanelli	
Mr M P Godden	Resigned 01.10.2021
Mr A J Gough	Resigned 01.10.2021
Mrs J L Gray	
Mr D Hinchliffe	Resigned 01.10.2021
Mr P T G Hobbs	Resigned 01.10.2021
Mr E N Leslie	Resigned 01.10.2021
M J Moore	
Mr J Sotillo	Resigned 01.10.2021
Mrs C Woodley	Resigned 01.10.2021
Mr E Waterhouse	From 1 October 2021
Miss M Faulkner	From 1 October 2021

LORENDEN SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their report and the financial statements of Lorenden School (the charitable company) for the year ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association of the charitable company, and Accounting and Reporting by Charities: 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).

REFERENCE AND ADMINISTRATIVE DETAILS

Lorenden School runs Lorenden Preparatory School (the School) which was founded in 1993. The charitable company's reference and administrative details are presented on pages 2 and 3 of this annual report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charitable company is governed by its Memorandum and Articles of Association last updated on 31 August 2017.

Governing body and organisational structure

The School has a close connection to Kent College Canterbury which is part of the Methodist Independent Schools Trust (registered charity no. 1142794) (MIST). MIST is the sole member of Lorenden School. Until 1 September 2021 the Governors of Kent College Canterbury were also the directors of Lorenden School, and delegated operational governance to a Lorenden Committee operating under terms of reference set by the Trustees. Since 1 September 2021 additional members of the governing body have been appointed who are not also Governors of Kent College Canterbury, and the Lorenden Committee members are now the Trustees and Directors of the school.

The day to day management of the School is delegated to the Head Teacher, supported by the Bursar.

The remuneration of key management personnel is set by the Governors, with the policy objective of providing appropriate incentives to encourage enhanced performance and rewarding them fairly and responsibly for their individual contributions to the School's success. Governors are not remunerated.

A pay scale for Head Teachers is in place for all schools administered by Methodist Independent Schools Trust, which is benchmarked against the AGBIS salary survey on a regular basis. This provides guidance for Governors when setting the pay of the Head Teacher.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

For other staff a number of criteria are used in setting pay including:

- nature of the role and responsibilities
- competitor salaries in the area
- the sector average salary for comparable positions
- trends in pay

This is kept under annual review.

Recruitment and training of trustees

Trustees are appointed by the Methodist Independent Schools Trust (MIST). Appointments are for a period of three years which is renewable. The induction of new Trustees is the responsibility of the Chair and the Clerk; an information pack of relevant documents is provided. All Trustees undertake annual safeguarding training.

Group structure and relationships

The School operates in close conjunction with the Methodist Independent Schools Trust (MIST), which is its sole member. Consolidated accounts are prepared by MIST for all the schools and the other funds under its control. The School also works in association with a number of other independent schools in England and Wales with a Methodist foundation on a number of projects.

The School is in membership of The Independent Association of Prep Schools (IAPS).

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to the auditor

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. Additionally, the trustees have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charitable company's auditor is aware of that information.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES

Charitable objects

The Methodist Church is engaged in education as part of its Christian mission in the world. Its schools will look to extend the Methodist ethos and character and contribute to diversity in education.

Aims and intended impact

The School educates and prepares pupils of the age three to eleven years for their move into secondary education. The School aims to ensure that pupils receive a broad education so as to allow them to maximise the opportunities presented in future life. This education is based on the belief that individuals can only enjoy their rights in a democratic community while discharging their responsibilities.

At Lorenden the children are made aware of their heritage and their responsibility for the care of their environment. They are taught to respect adults, one another and their school. Self-discipline and self-reliance are considered essential. The value of tradition is deemed to give a sense of continuity and stability. The children are taught the role that faith can play in their lives without giving emphasis to any particular faith.

Objectives and strategies for the year

Key objectives for 2020-21:

- To continue to provide a high quality education and wide ranging opportunities for all pupils.
- Maintain a high level of pastoral care and enable the children to learn in a safe and secure environment.
- Continue to ensure that staff morale and wellbeing is maintained at a high level.
- Build on the relationships with Kent College Canterbury and The Methodist Independent Schools Trust.

These and other objectives have been successfully met during the year in part as a result of the following strategies:

- Effective recruitment of staff.
- Supporting staff training needs.
- Identifying and supplying appropriate teaching resources.
- Supporting and encouraging pupil's behaviour by a variety of reward schemes.
- Maintain a robust and effective attitude towards child protection.
- Identify areas of potential collaboration with Kent College Canterbury.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

Bursary and grant making policy

Access to the education we offer should not be restricted to those who can afford our fees. Prior to joining the Methodist Independent Schools Trust in 2015 the School had provided a limited number of Bursary Awards to families who otherwise would not be able to afford the fees. Due to the restricted funding available these Bursaries were limited both in value and quantity awarded.

In 2016 the School extended the scheme to provide a means tested Bursary of up to 100% of the fee cost for entry at Year 3. The first pupil to benefit from this Bursary joined the School in September 2017.

Volunteers

Parents help at the School, particularly by fundraising for specific projects via the Friends of Lorenden (Preparatory School) a separately registered charity (1098259).

Public benefit

The Trustees have given careful consideration to the Charity Commission's guidance on public benefit and confirm that they have given due regard to this guidance. The School provides public benefit by:

- Providing education to 106 Year R to Year 6 children during the year, an estimated saving to the public purse of approximately £397,500 (calculated on the basis of the 2019-20 DfE minimum funding level per primary pupils of £3,750).
- Offering assistance with fees for pupils under the age of five via the local authority Early Years Funding Scheme; this benefits pupils attending Kindergarten.
- Operating schemes that provide discounted fees for siblings of existing pupils and children of staff. These schemes enable a number of children to attend Lorenden without which they might not have the opportunity to do so.
- Assisting local schools, charitable organisations and residents with resources such as transport, sports facilities and a variety of entertainment.
- Activities undertaken by the School during the year enabled donations to be made to four separate charities.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

ACHIEVEMENTS AND PERFORMANCE

The School provides education for children aged 3 to 11 and is limited in its planning consent to a maximum of 120 pupils.

The School provides a well-rounded education based on a wide curriculum which includes modern languages and forest school activities. This prepares children for the schools most suited to their individual needs and to that end this has again been a most successful year.

Sport has continued to have high priority. Excellent coaching for both boys and girls has ensured that we are able to hold our own against much bigger schools. Sports and craft clubs take place at lunchtime and after school. Children also have the opportunity for swimming, dance, drama and archery. Music continues to feature strongly within the School with over half the children having individual instrumental and singing lessons.

Children are also able to benefit from individual speech and drama tuition and class based musical movement and dance tuition. A school poetry competition is run in which every child in the School is encouraged to participate.

There have been concerts, visits by theatre companies, science, art and music workshops, along with a variety of outings to museums, the theatre and historic buildings.

A wide range of prizes was awarded reflecting the School's commitment to encouraging effort and success in all areas of school life.

Our parents' association "Friends of Lorenden (Preparatory School)" (Registered charity no. 1098259) has continued to provide valuable support for the School's activities. The funds raised were used to purchase various resources for the School including books for the refurbished library.

We continue to build on the links we have established with the local secondary and primary schools and are continuing to make a concerted effort to share resources whenever possible.

Community links

During the year pupils, parents and staff raised funds for the following causes:

Children in Need
Comic Relief
Catching Lives
Dogs' Trust

Produce gathered at the time of the Harvest Festival was distributed to senior citizens in the parish and Faversham Food Bank; a nativity play and tea was held for the local community.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

FINANCIAL REVIEW

The School's principal source of income is fee income. All of the School's expenditure was spent in advancement of its charitable objectives.

Reserves policy

The reserves policy of the group has been reviewed by Methodist Independent Schools Trust and that of the charity by its governors during the year. Free reserves are regarded as those unrestricted funds that have not been designated for any specific purpose and total £525,755 (2020: £488,205) at the year end. The value of land and buildings are excluded except to the extent that they have been used as collateral for loans, and are shown as designated property funds. The property fund totalled £493,335 (2020: £427,807) at the year end.

Methodist Independent Schools Trust and the Governors have carefully considered the level of reserves appropriate to be held at Group and School level, necessary for contingencies and movements in working capital. Having regard to the likelihood of financial risks and mitigating factors including its group structure, it considers the target level of free reserves required to be the equivalent of six week's costs, approximately 10% of income. In advising schools of the level required to be held locally, the Trust has also considered its ability to borrow against the security of property assets and the level of reserves held centrally. After taking these into account, schools are advised to operate within a range of 0% - 10%. The level of free reserves at the year-end was £22,349 (2020: £10,764), being 1.7% (2020: 0.9%) of income.

Principal risks and uncertainties

The Governing Body is responsible for the management of the risks faced by the School, and a formal review of the Charity's risk management processes is undertaken on an annual basis.

The main risks that the Governors have identified and the plans to manage those risks are:

- Reputation – the School's success is built on its reputation for the education and wellbeing of our pupils.
- We manage this risk through safeguarding policies, staff recruitment policies, pastoral support for both pupils and staff and active identification and resolution of health and safety related issues.
- Money – our ability to continue is reliant on pupil fees and effectively managing costs.
- We manage this risk by marketing activity to maintain pupil numbers, having a reputation for academic excellence and active cash flow management.
- Curriculum – academic excellence requires the most able teachers with state of the art facilities delivering the curriculum to able students.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

- We manage this risk by combining competitive salaries, on-going investment in our estate and an approach to enrolment that works with supportive parents whose children have an appetite for learning.

Through the risk management processes established for the School, the Governors are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately mitigated.

Coronavirus Pandemic

The Coronavirus disease (COVID-19) was declared a pandemic in 2020 with strict controls imposed to contain the virus. Along with all schools in the UK Lorenden was unable to teach pupils on site from 6th January 2021 through to 8th March 2021 when all year groups were able to return to the school. During the period of closure the school provided a comprehensive online offering which was well received by both parents and pupils.

This unforeseen event impacted on the financial performance for the year. In recognition of the change to online teaching the school provided a discount on the fees for the summer term. A proportion of this cost was offset by funds received from the Governments Job Retention Scheme and saving we were able to achieve through not operating on site.

Despite the issues caused by the pandemic the school has continued to successfully recruit new pupils and is able to move into the next academic year with confidence.

Going Concern

The Methodist Independent School's Trust (MIST) is ultimately responsible for the control of Lorenden School. Notwithstanding the net current liabilities of £14,886, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees have considered the ongoing impact of Covid-19 on the School with forecasts revised to reflect the impact and the future risks arising from the pandemic. The Trustees' review of the financial position, funds levels and future plans gives them confidence that the charitable company remains a going concern for the foreseeable future.

Therefore, at the date of approval of these financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the trustees continue to adopt the going concern basis in preparation of the financial statements.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

PLANS FOR FUTURE PERIODS

The School's Strategic Plan, as drawn up by the Senior Management Team, after consultation with the key stakeholders, and as approved by the Governors, provides the focus for the future development of the School. In particular, the Plan embraces the aspirations of the School for curriculum developments, the growth of marketing, pupil numbers, enhanced staffing and the development of the facilities.

This report was approved by the trustees on *14th March* 2022 and is signed on their behalf by:



.....
Mr P Harland
Chair of Governors

LORENDEN SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENDEN SCHOOL

Opinion

We have audited the financial statements of Lorenden School (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 its incoming resources and application of resources, including its 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 trustees' 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENDEN SCHOOL

(Continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees'/Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees/Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENDEN SCHOOL (Continued)

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENDEN SCHOOL (Continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are The Education (Independent School Standards) Regulations 2014, Keeping Children Safe in Education under section 175 of the Education Act 2002, and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <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.

Nicholas Sladden (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farrington Street

London

EC4A 4AB

Date.....

..... 2022

LORENDEN SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (including an income and expenditure account) FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds	
	Notes	2021	2020
		£	£
INCOME AND ENDOWMENTS FROM:			
Grants and Donations		5,896	3,120
Charitable activities:			
School fees	3	1,253,066	1,153,543
Other educational income	4	3,991	12,060
Other Income	5	17,109	32,593
TOTAL		<u>1,280,062</u>	<u>1,201,316</u>
EXPENDITURE ON:			
Charitable activities	6	<u>(1,176,984)</u>	<u>(1,189,396)</u>
TOTAL		<u>(1,176,984)</u>	<u>(1,189,396)</u>
NET MOVEMENT IN FUNDS		<u>103,078</u>	<u>11,920</u>
RECONCILIATION OF FUNDS:			
Total funds brought forward		916,012	904,092
TOTAL FUNDS CARRIED FORWARD	16	<u>1,019,090</u>	<u>916,012</u>

**BALANCE SHEET
AS AT 31 AUGUST 2021**

	Notes	2021 £	2020 £
FIXED ASSETS:			
Tangible assets	10	1,317,928	1,312,089
CURRENT ASSETS:			
Stocks		2,975	2,975
Debtors	11	6,638	26,807
Cash at bank and in hand		236,314	139,829
		<u>245,927</u>	<u>169,611</u>
LIABILITIES:			
Creditors: Amounts falling due within one year	12	(260,812)	(217,748)
NET CURRENT LIABILITIES		<u>(14,886)</u>	<u>(48,137)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,303,043</u>	<u>1,263,952</u>
Creditors: Amounts falling due after more than one year	13	(283,952)	(347,940)
NET ASSETS		<u><u>1,019,090</u></u>	<u><u>916,012</u></u>
THE FUNDS OF THE CHARITY:			
Unrestricted funds:			
Property fund		493,334	427,807
General fund		525,756	488,205
TOTAL CHARITY FUNDS		<u><u>1,019,090</u></u>	<u><u>916,012</u></u>

The financial statements were approved by the board of trustees and authorised for issue on 11th March 2022 and are signed on its behalf by:



Mr Philip Harland
Chair of Governors

LORENDEN SCHOOL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	2021	2020
	£	£
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income from the reporting period (as per statement of financial activities)	103,078	11,920
Adjustments for:		
Depreciation charges	49,446	55,212
Interest payable	8,812	11,929
(Increase)/Decrease in stocks	0	1,554
(Increase)/Decrease in debtors	20,169	(4,409)
(Decrease)/Increase in creditors	64,730	(31,496)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>246,235</u>	<u>44,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(55,285)</u>	<u>(31,642)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(55,285)</u>	<u>(31,642)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	(85,652)	(64,235)
Interest payable	(8,812)	(11,929)
NET CASH USED IN FINANCING ACTIVITIES	<u>(94,464)</u>	<u>(76,164)</u>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	96,486	(63,096)
Cash and cash equivalents at the beginning of the reporting period	139,829	202,925
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	<u><u>236,315</u></u>	<u><u>139,829</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	<u><u>236,314</u></u>	<u><u>139,829</u></u>

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Lorenden School is a charity incorporated in England and Wales. The registered office is Lorenden Preparatory School, Painter's Forstal Road, Painter's Forstal, Faversham, Kent, ME13 0EN.

The company's principal activity is disclosed in the report of the trustees.

Accounting convention

The financial statements have been prepared in accordance with the accounting policies set out below, under the historical cost convention and comply with the Charities Act 2011 the Companies Act 2006, the Memorandum and Articles of Association of the charitable company, and Accounting and Reporting by Charities: 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 charitable company meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in Sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies are set out below.

Going concern

The Methodist Independent School's Trust (MIST) is ultimately responsible for the control and management of Lorenden School. Notwithstanding the net current liabilities of £14,886, the trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The Trustees' review of the financial position, funds levels and future plans gives them confidence that the charitable company remains a going concern for the foreseeable future.

Therefore, at the date of approval of these financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the trustees continue to adopt the going concern basis in preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Income

School fees and other educational income receivable are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances and other remissions allowed by the school. Other educational income consists of extras, optional subjects and ancillaries charged to pupils.

Scholarship and bursary awards from restricted and designated funds are included as expenditure in the period for which they are given. Scholarships, bursaries and allowances from the general fund towards school fees are treated as a reduction in the fees.

All other types of income are accounted for on an accruals basis and recognised in the statement of financial activities when earned by the charitable company.

Donations and legacies are accounted for as and when the charitable company has entitlement, the amount involved can be reliably quantified and a transfer of economic benefit to the charitable company is probable.

Expenditure

Expenditure is recognised as soon as a liability is considered probable, discounted to present value for longer-term liabilities. Expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT.

Charitable activities comprise expenditure associated with teaching and school activities and include both direct and support costs.

Governance costs are those incurred in the governance of the charitable company and its assets and are mainly associated with constitutional and statutory requirements.

Lease rentals payable in respect of assets held under operating leases are charged to the statement of financial activities as they fall due.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Employee benefits - Pensions

Retirement benefits to employees of the charitable company are provided by the Teachers' Pension Scheme (TPS) in respect of teaching staff and a defined contribution scheme in respect of all other staff.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the charitable company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting.

The TPS is therefore treated as defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Employee benefits - Other

Short term employment benefits including holiday pay are recognised as an expense in the period in which the services are received from the employee involved. Termination benefits are accounted for on an accruals basis as and when employment ceases.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets, other than land, less their residual values over their useful lives on the following basis:

New buildings	2% on cost
Building improvements	2% on net book value
Fixtures and equipment	5% to 33.33% on net book value

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of financial activities.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Fund accounting

The general fund comprises the accumulated surpluses of unrestricted income over expenditure, which are available for use in furtherance of the general objectives of the charitable company.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the trustees. The use of designated funds remains at the discretion of the trustees.

Cash and cash equivalents

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

Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charitable company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, and loans from group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

2 Critical accounting estimates and areas of judgement

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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 affects both current and future periods.

Critical areas of judgement

In addition to the trustees' assessment of the going concern status of the charitable company, the following other specific judgements, estimates and assumptions were critical to the preparation of these financial statements:

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Useful economic lives and residual values are reviewed annually and reassessed where necessary to better reflect the actual usage of the assets involved.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

3	School fees			2021	2020
				£	£
	Gross school fees chargeable			1,326,086	1,292,925
	Less: Bursaries awarded to pupils			(24,868)	(44,687)
	Staff, sibling and other discounts and allowances			(48,152)	(94,695)
				<u>1,253,066</u>	<u>1,153,543</u>
4	Other educational income			2021	2020
				£	£
	Fees charged for optional subjects and pupils' extras			3,991	12,060
	Other ancillary income			-	-
				<u>3,991</u>	<u>12,060</u>
5	Other Income			2021	2020
				£	£
	Coronavirus Job Retention Scheme grant			<u>17,109</u>	<u>32,593</u>
<p>The School was been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The School furloughed some of its staff under the government's Coronavirus Job Retention Scheme. The funding received in 2021 of £17,109 (2020 of £32,593) relates to staff costs in respect of staff which are included within note 9 below as appropriate.</p>					
6	Analysis of expenditure			2021	2020
		Staff costs	Depreciation	Other	Total
		£	£	£	Total
				£	£
	Charitable activities:				
	Teaching costs	754,277	-	8,035	779,247
	Welfare costs	39,512	-	65,282	94,092
	Premises costs	63,728	20,127	74,740	138,106
	Support costs	53,530	29,319	32,519	115,368
	Governance costs	-	-	20,258	19,177
	Charitable publicity costs	-	-	5,376	5,377
	Finance costs	-	-	10,281	26,268
		<u>911,047</u>	<u>49,446</u>	<u>216,491</u>	<u>1,176,984</u>
7	Governance costs			2021	2020
				£	£
	MIST fees			12,960	11,535
	Auditor's remuneration			7,178	5,040
	Other costs			<u>120</u>	<u>2,602</u>
				<u>20,258</u>	<u>19,177</u>

LORENDEN SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021**

8 Net income

	2021	2020
	£	£
Net income for the year is stated after charging:		
Amounts payable under operating leases	640	1,320
Depreciation on tangible fixed assets	49,446	55,212
Interest payable on loans	8,812	11,929
Auditor's remuneration:		
Audit of the financial statements	<u>7,178</u>	<u>5,040</u>

9 Staff costs

	2021	2020
	£	£
The aggregate staff costs during the year comprised:		
Wages and salaries	735,462	723,166
Social security costs	59,221	60,612
Pension costs	116,364	112,614
Termination payments	-	-
	<u>911,047</u>	<u>896,392</u>

	2021	2020
	No.	No.
The average number of employees during the year comprised:		
Teaching staff	32	26
Other staff	9	10
	<u>41</u>	<u>36</u>

	2021	2020
	No.	No.
The average number of employees during the year on the full time equivalent basis comprised:		
Teaching staff	17	17
Other staff	6	6
	<u>23</u>	<u>23</u>

No of employees across the School Group in bands shown:

£60,001 - £70,000	1	-
£70,001 - £80,000	-	1

The key management personnel of the charitable company are the governors and the senior management team of the school. The governors received no remuneration for their services in the current or previous year. The aggregate remuneration of the other key management personnel, including employer's national insurance contributions, was £211,311 (2020: £208,419).

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

10 Tangible assets	Land and buildings £	Fixtures and equipment £	Vehicles	Total £
Cost:				
As at 1 September 2020	1,135,686	771,253	48,961	1,955,900
Additions	-	55,285	-	55,285
As at 31 August 2021	<u>1,135,686</u>	<u>826,538</u>	<u>48,961</u>	<u>2,011,185</u>
Depreciation:				
As at 1 September 2020	301,038	305,284	37,489	643,811
Charged for the year	20,127	26,101	3,218	49,446
As at 31 August 2021	<u>321,165</u>	<u>331,385</u>	<u>40,707</u>	<u>693,257</u>
Net book value:				
As at 31 August 2021	<u>814,521</u>	<u>495,153</u>	<u>8,254</u>	<u>1,317,928</u>
As at 31 August 2020	<u>834,648</u>	<u>465,969</u>	<u>11,472</u>	<u>1,312,089</u>
11 Debtors			2021 £	2020 £
Amounts falling due within one year:				
Fee debtors			-	20,520
Other debtors			6,638	6,287
			<u>6,638</u>	<u>26,807</u>
12 Creditors: Amounts falling due within one year			2021 £	2020 £
Trade Creditors			4,179	7,419
Deposits			5,000	3,650
Prepaid fees (note 14)			108,340	74,072
Loans (note 15)			64,235	85,651
Taxation and social security costs			14,704	15,438
Other creditors			11,830	13,351
Accruals			24,006	14,322
Amounts owed to group undertakings			28,517	3,845
			<u>260,812</u>	<u>217,748</u>

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2021

13 Creditors: Amounts falling due after more than one year

	Due within 1 to 2 years £	Due within 2 to 5 years £	Due after 5 years £	2021 Total £	2020 Total £
Deposits	3,500	11,500	12,000	27,000	26,750
Loans (note 15)	<u>64,238</u>	<u>192,714</u>	-	<u>256,952</u>	<u>321,190</u>
	<u>67,738</u>	<u>204,214</u>	<u>12,000</u>	<u>283,952</u>	<u>347,940</u>

14 Deferred income

Prepaid fees

Parents pay for fees in advance for pupils. Movements during the year were as follows:

	2021 £	2020 £
Balance brought forward at 1 September	74,072	103,237
Amounts received during the year	108,340	74,072
Amounts recognised as income during the year	<u>(74,072)</u>	<u>(103,237)</u>
Balance carried forward at 31 August	<u>108,340</u>	<u>74,072</u>

15 Loans

The charitable company has been provided with loan funding from the Methodist Independent Schools Trust (MIST). The loan accrued interest at a rate of 2.25% above the base rate of the group's bankers.

16 The funds of the charity

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfer	Balance at 31 August 2021 £
Unrestricted funds:					
Property fund	427,807	-	-	65,528	493,335
General fund	<u>488,205</u>	<u>1,280,062</u>	<u>(1,176,984)</u>	<u>(65,528)</u>	<u>525,755</u>
	<u>916,012</u>	<u>1,280,062</u>	<u>(1,176,984)</u>	<u>-</u>	<u>1,019,090</u>
	Balance at 1 September 2019 £	Income £	Expenditure £	Transfer	Balance at 31 August 2020 £
Unrestricted funds:					
Property fund	405,113	-	-	22,694	427,807
General fund	<u>498,979</u>	<u>1,201,316</u>	<u>(1,189,396)</u>	<u>(22,694)</u>	<u>488,205</u>
	<u>904,092</u>	<u>1,201,316</u>	<u>(1,189,396)</u>	<u>-</u>	<u>916,012</u>

During the year a transfer of £65,528 (2020: £22,694) between the Property fund and General fund for depreciation on the land and buildings and repayment of the loan

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

17 Operating lease commitments

Lessee

The charitable company has entered into operating leases in respect of certain items of school equipment. At the balance sheet date, the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	-	318
Between one and two years	-	-
Between two and five	-	-
	<u>-</u>	<u>318</u>

18 Pensions

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 £106,037 (2020: £106,546) and at the year-end £10,327 (2020: £6,124) was accrued in respect of contributions to this scheme. ;

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. 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.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

18 Pensions (Continued)

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and 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.

19 Control

The charitable company's immediate and ultimate parent undertaking and controlling party is the Methodist Independent Schools Trust (MIST), a charitable company incorporated and registered in England and Wales. The company number for MIST is 07649422 and the charity number is 1142794.

The smallest and largest group in which the results of the charitable company are consolidated is that headed by MIST. Copies of the group financial statements may be obtained from the charitable company's registered office address.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2021

20 Related party transactions

During the year, the charitable company borrowed an additional £nil (2020: £nil) from the Methodist Independent Schools Trust (MIST). Total interest payable on the loans from MIST for the year amounted to £8,812 (2020: £11,929) and the total amount of loans outstanding at the balance sheet date was £321,187 (2020: £406,837).

During the year, MIST continued to provide a range of services to the charitable company, which are recharged on a termly basis. These charges cover management. The total amount recharged in the year was £12,960 (2020: £11,535). At the end of the year £nil was outstanding (2020: £3,845).

MIST has purchased insurance to protect trustees from claims arising from negligent acts errors or omissions occurring while on charity business. The cost for the period ended 31 August 2021 was £1,288 (2020: £560).

Michael Moore received a gift valued at £14 in 2021 (2020: £nil). None of the Trustees were reimbursed any expenses (2020: £nil).