

Registered number: 0709159
Charity number: 312648

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees	Mr A Harris, Chairman Mrs A Baldwin Mr S Everson Mr J Fowler Mr V Hales Mr N A Hinds Mr K Kothari Mrs C Marks Mrs P Mastin Mr J Richards Dr B Williams (Appointed 1 September 2020)
School officers	Mr S Dunn (Head teacher) Mrs A Curran (Bursar)
Company registered number	0709159
Charity registered number	312648
Registered office	40 Moor Park Road Northwood Middlesex HA62DJ
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Bankers	National Westminster Bank Plc 159 High Street Rickmansworth Hertfordshire WD31AR

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The members of St Martin's (Northwood) Preparatory School Trust Limited present their annual report for the year ended 31st August 2021 under the Charities Act 2011 and the Companies Act 2006, this including the Director's Report and Strategic Report under the 2006 Act, together with the audited financial statements for the year.

DIRECTOR'S REPORT

Constitutions and Objects

St Martin's (Northwood) Charitable Trust Limited is a charitable company limited by guarantee. Its registration number is 312648 and the company registration is 0709159.

The company is governed by its Memorandum and Articles of Association dating from 28 November 1961 which state that its object is the advancement of education. In furtherance thereof, the company operates St Martin's School, a preparatory school.

Governance and Management

Governing body

The directors serve as trustees of the Charity and under the terms of the above articles are also members of the Company. They are elected by the Board of directors on the basis of nominations received from serving directors, the headmaster and others. Governors/Directors are selected on the basis of their skills and suitability. New Governors are inducted into the workings of the Charity including Board policy and procedures, by attending Governors' meetings, reviewing the Governors' handbook, receiving support from experienced governors and being directed to relevant guidelines and courses.

The tenure of office for a member of the Governing body is for an initial period of 4 years, with a Governor being eligible for re-election for further terms of office every 3 years thereafter. Current and former parents and former pupils may serve as Governors. Staff are not permitted to serve as Governors.

Dr Bhanu Williams was appointed to the Governing body and as a trustee with effect from 1st September 2020.

Organisational Management

The Governors are legally responsible for the overall management and oversight of the School. They usually meet as a board three or more times per year, once each term, to determine policy and to monitor the operations of the company. Their role is assisted by the work of the sub-committees who meet each term in advance of the Board meeting. The sub-committees are: Governance, Finance & Operations, Teaching & Learning, Estates, Remuneration, Marketing and Corporate Social Responsibility. There are also two school committees which nominated governors attend being Information & Communications Technology and Health & Safety.

The Finance & Operations Committee, as assisted by the School's Bursar and accountants, is responsible for implementing financial strategy and policies of the Board including the preparation of budgets and forecasts. This committee also has oversight of any operational matters not covered by any of the other committees, significantly Human Resources (HR). This Committee meets every term and more often if necessary. Audit and risk management related to the School's Financial and Human Resources risks are dealt with by the Finance & Operations Committee.

The day to day running of the School is delegated to the Headmaster, who with the Bursar attends all meetings of the Governing Body and subsidiary committees. They in turn are supported by the other members of the School leadership team.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT

Aims, Objectives and Activities

St Martin's aims to provide boys, aged 3 - 13, with the breadth of education and experience for them to realise their full potential at school in a safe and friendly environment, and to be well prepared for future life. To achieve this, the School applies eight key principles as follows:

1. The school to have a happy, friendly atmosphere as well as a fair, secure, disciplined framework for learning.
2. The boys to receive an all-round education to develop the whole person, by the provision of academic, sporting, artistic and musical opportunities.
3. The teaching to be of the highest quality, including the best of traditional and contemporary approaches, to enable the boys to fulfil their potential.
4. Communication between parents, headmaster, staff and boys to be of paramount importance at all stages of school life.
5. While preserving the fundamental Christian ethos of the school in its present multi-cultural mix, to cultivate respect and understanding of other faiths and cultures.
6. The buildings, facilities and resources to be of a high standard, safe and suitable for today's needs.
7. Good relations with the local community to be fostered and, where appropriate, joint projects to be developed and school facilities to be made available.
8. The pastoral care to underpin the moral ethos of the school by promoting the values of honesty, integrity, respect and humility.

These aims are achieved in a number of ways. They underpin the operational ethos of the school and are referenced in strategic and school development planning. In the process of self-evaluation for inspection, these are used as markers for this process. In terms of governance, each of the principles is directly related to the work of a sub-committee of the Full Board.

Achievements and performance

The school prides itself on not only the quality of the education provided, but also its record in examinations to senior schools. The school is well placed to prepare boys for a wide range of schools, but in practice these tend to be local to the area. Traditionally, the focus was always on 13+ transfer with only a small number sitting at 11+ and principally for the maintained grammar schools. This has changed significantly over the last 2 years with the vast majority of boys undertaking these assessments in the January of Year Six. This has meant that a parallel approach for 11+ and 13+ is now required.

The following sets out the 11+ and 13+ offers and scholarships:

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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021**

AWARDS AT YEAR EIGHT(13+) 2021

Merchant Taylors' School

19 places offered

4 Academic Scholarships

1 DT Scholarship

The Haberdashers' Aske's Boys' School

8 places offered

3 Academic Scholarships

John Lyon School

18 places offered

8 Academic Scholarships

Aldenham School

4 places offered

3 Academic Scholarships

1 Sport Scholarship

St. Alban's School

5 places offered

3 Academic Scholarships

Berkhamsted School

3 places offered

Harrow School

1 Place offered

Magdalen College School

1 Place offered

1 Academic Scholarship

AWARDS AT YEAR SIX(11+) 2021

Merchant Taylors' School (13+ 2023)

23 places offered

1 Major Academic Scholarships

2 Minor Scholarships

The Haberdashers' Aske's School Boys' School

8 places offered

1 Academic Scholarship

John Lyon School

3 places offered

Aldenham School

3 places offered

St. Alban's School

2 places offered

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

In Autumn 2020, following the retirement of the deputy headmaster, a new Leadership team was formed comprising the Headmaster, the Bursar, and 4 Assistant Heads with responsibilities for Pre-Prep, Pastoral, Academic and Organisation & Compliance respectively. The school, under the guidance of the newly formed Leadership team, continued to successfully navigate through the pandemic and responded to further lockdowns. The use of technology, both for remote teaching and in sharing data and information, continued to excel and despite the potentially negative impact on the boys' social and well being, the curriculum continued to be well covered and progress maintained. The provision of additional bursaries continued and fee discounts were provided for the lockdown. The change in pupil numbers was negligible and pupil numbers continue to be at or close to budgeted levels

Investment in the site continued with the Year 4 classrooms and one of the English classrooms being fully refurbished and new technology put in throughout the English department. The kitchen servery was upgraded, the sports hall boilers were replaced and the nursery/Pre-Prep outside play area had new AstroTurf laid. The School also purchased a 2/3 bed house located in Mezen Close for staff accommodation use, that opportunely came on the market. More sets of ipads were purchased for various sections of the school in line with the IT strategy.

Site development planning remains a consideration and a new Multi Use Games Area is being planned to coincide with the school's centenary.

Significant investment has been made in a marketing strategy and a re-branding exercise that will launch in tandem with the new school website in the Summer of 2021

Despite ongoing challenges, the school remains in a healthy state and is well placed both financially and academically for the challenges ahead. Parental satisfaction remains very high and has been strengthened by the way the school has continued to handle the pandemic. The benefits of increased technological capability will be key in moving forward and we will be seeking to capitalise on the decreased reliance on physical media and increased independence of the boys in their own learning.

Community, Social and Charitable

In considering the provision of Public Benefit, the Governors have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

During the year £185,651 (2020: 138,316), representing 3.09 % (2020:2.03%) of fee income, was given as bursaries in support of 16 (2020: 12) boys who would not otherwise have been able to afford the benefits of St Martin's Education. An additional £92,804 was given as emergency bursaries due to the impact of lockdown on the current St Martin's parents supporting a further 14 (2020: 20) boys.

The School's designated charity continued to be T11 North at University College Hospital, London. It is a children's cancer ward which also provides support to the families of the children in the ward's care. Despite the ongoing restrictions of the pandemic we still managed to raise just over £9,000 for them.

St Martin's will resume the support of local state primary schools through the use of our sporting facilities and a member of staff will resume the liaison and development of working partnerships with other schools.

FINANCIAL REVIEW

Results for the year

The full year surplus of £412,741 (2020: £77,030) was better than the conservative budget of £78,338. We were able to recover from the pandemic in an efficient manner, despite experiencing a small decline in our pupil numbers. Whilst offering a discount for the Spring term lockdown, our overheads were tightly controlled and the extension of the furlough scheme gave us some further support resulting in a good surplus. The surplus

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represented a 6.87% (2020: 1.28%) return on gross fee income.

We continue to make improvements in financial control and management of cash and are now deploying technology more effectively enabling us to reduce stationery, photocopying and other such materials. The School remained close to full capacity during the period and principal fee income prior to discounts was £33,555 less than the previous year. Costs were £368,263 less than the previous year. The net value of fixed assets was £9,642,616 (2020: £9,400,154), an increase of £242,462. The increase mainly related to the purchase of a house in Mezen Close.

The company's cash position continues to improve and stood at £3,917,011 (2020: £3,887,533) at year end.

The balance on all borrowings at the end of the period was £636,844 (2020: £791,055), a reduction £154,211. The School paid off the bank loan in September 2021 following agreement with the Governors.

Reserves policy

Unrestricted funds at year end totalled £11,972,747 (2020: £11,560,006) of which fixed assets less bank loans totalled £9,005,772 (2020: £8,609,099) leaving free reserves of £2,966,975 (2020: £2,950,907). Reserves adequately cover future spending plans which are highlighted under future plans below. The Governors are determined that reserves are continually re-invested in the School for the benefit of the boys whilst ensuring that the School remains in a strong financial position.

Going concern

The School produces regular financial information including budgets, forecasts and a longer term strategic business plan, which are closely monitored by the Governors. These budgets, cash flows and forecasts have been reviewed and revised in light of the ongoing impact post the Covid-19 pandemic, to take into consideration the current economic climate and its potential impact. A number of scenarios were produced which considered the wider potential impact from Covid-19 on the School's key operations, cash position, sources of income and planned expenditure. Revised forecasts have been prepared together with cash-flows, based on the most likely expected outcome from these scenarios, with sensitivity analysis on the key assumptions. The cash flow modelling with sensitivity analysis indicates that the cash reserves of the School are adequate to meet the charity's obligations as they fall due.

Therefore the Governors have a reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

FUTURE PLANS

The Governors and Leadership team are in the process of formulating a new Strategic Plan. A number of sub sections of the plan are being developed within the school in preparation for an Overall School Strategic plan to be developed with the Governing body. A strategy day scheduled for March 2020 took place in October 2021 and the Strategic plan will be further developed alongside the marketing and branding work.

Over the next 1-5 years our potential plans include

- Ongoing implementation of the IT strategy to include upgrade of classroom display equipment and provide dedicated devices (ipads) for year 5-8 and additional sets of classroom devices for the younger age groups
- Enhancement of the outside environment and entrance for Kindergarten and Pre-Prep
- Window replacement in the Pre-Prep building and improving connectivity between the Pre-Prep building and the Main School

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- Development of nursery inside facilities
- Enhancement of junior school section (years 3 & 4)
- Provision of an additional set of boys' toilets
- Creation of more outdoor learning spaces
- Upgrade of sports facilities – new cricket nets, new MUGA, climbing wall and gymnasium equipment

Risk management

The Board of Governors is responsible for the oversight of the risks faced by the School. Detailed consideration of risks is delegated to the specific committees relevant to the particular identified risk, managed by the Senior Leadership Team. Risks are identified, assessed and controls established throughout the year. The Board monitors the effectiveness of the system of internal controls and other means, including insurance cover, by which those identified risks can be mitigated. The key controls used by the Charity include:

- formal agendas for all Committee and Board activity;
- detailed terms of reference for all Committees;
- comprehensive strategic planning, budgeting and management accounting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

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 the systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The risks that continue to receive particular attention relate to:

- External or internal factors leading to low morale risk resulting in poor educational standards, high stress levels and absence/sick leave. This has particular relevance to the pandemic and the stresses that are consequent to that. These have been mitigated by the appointment of key pastoral staff, a strengthening of the school's HR function with improved links to occupational health services
- Macro-economic risk of the impact an uncontrollable national event will have on the school - such as Pandemic. This is mitigated by robust measures in place to keep the school running remotely if needed. Strong reserves are retained to ensure stability financially if income drastically reduces.

Both of these risks currently score above 15 (out of a maximum of 25) on the scale which classifies them as high risk.

Trustees' responsibilities statement

The members of the Board of Governors (who are also the directors of St Martin's (Northwood) Preparatory School Trust Limited for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the members of the Board of Governors to prepare financial statements for each financial year. Under company law they 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 the group, including the income (and its application) and expenditure of the group for that year. In preparing these financial statements, the members of the Board of Governors are required to:

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FOR THE YEAR ENDED 31 AUGUST 2021**

- select the most suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgments 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; 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 members of the Board of Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

A resolution proposing the re-appointment of Crowe U.K. LLP as auditors to the company will be put to the Annual General Meeting.

The Trustees' annual report and the strategic report were approved on 24 March 2022 and signed on behalf of the Board of Trustees by:



Mr A Harris (Chairman)
Trustee

Date: 24 MARCH 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

Opinion

We have audited the financial statements of St. Martin's (Northwood) Preparatory School Trust Limited (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 the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of 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 trustee's 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 trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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' Report which includes the Directors' Report and the Strategic 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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' 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 and proper accounting records have not been kept; 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 were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 7, 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.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were The Education (Independent School Standards) Regulations 2014 and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance and Operations Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing any regulatory correspondence with the Charity Commission, Independent Schools Inspectorate, Ofsted and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MARTIN'S (NORTHWOOD)
PREPARATORY SCHOOL TRUST LIMITED**

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.



Andrew Thomas
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London (Statutory Auditor)

Date: 12 April 2022

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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	<i>Unrestricted funds 2020 £</i>
Income from:			
Donations and legacies	3	12,099	36,478
Charitable activities	4	5,726,293	5,713,253
Investments	5	5,197	26,410
Total income		<u>5,743,589</u>	<u>5,776,141</u>
Expenditure on:			
Charitable activities	6	5,330,848	5,699,111
Total expenditure		<u>5,330,848</u>	<u>5,699,111</u>
Net movement in funds		<u>412,741</u>	<u>77,030</u>
Total funds brought forward		11,560,006	11,482,976
Total funds carried forward		<u>11,972,747</u>	<u>11,560,006</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 16 to 24 form part of these financial statements.

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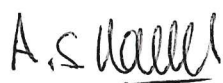
(A company limited by guarantee)
REGISTERED NUMBER: 0709159

**BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	9,642,616	9,400,154
		<u>9,642,616</u>	<u>9,400,154</u>
Current assets			
Debtors	11	1,522,373	1,553,309
Cash at bank and in hand		3,917,011	3,887,533
		<u>5,439,384</u>	<u>5,440,842</u>
Creditors: amounts falling due within one year	12	(3,109,253)	(2,643,640)
Net current assets		<u>2,330,131</u>	<u>2,797,202</u>
Total assets less current liabilities		<u>11,972,747</u>	<u>12,197,356</u>
Creditors: amounts falling due after more than one year	13	-	(637,350)
Total net assets		<u>11,972,747</u>	<u>11,560,006</u>
Charity funds			
Unrestricted funds		11,972,747	11,560,006
Total funds		<u>11,972,747</u>	<u>11,560,006</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 24 March 2022 and signed on their behalf by:



Mr A Harris
Trustee

Date: 24 MARCH 2022

The notes on pages 16 to 24 form part of these financial statements.

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	15	744,286	399,966
Cash flows from investing activities			
Dividends, interests and rents from investments		5,197	26,410
Purchase of tangible fixed assets		(565,794)	(187,338)
Net cash used in investing activities		(560,597)	(160,928)
Cash flows from financing activities			
Repayments of borrowing		(154,211)	(179,964)
Net cash used in financing activities		(154,211)	(179,964)
Change in cash and cash equivalents in the year		29,478	59,074
Cash and cash equivalents at the beginning of the year		3,887,533	3,828,459
Cash and cash equivalents at the end of the year	16	<u>3,917,011</u>	<u>3,887,533</u>

The notes on pages 16 to 24 form part of these financial statements

ST. MARTIN'S (NORTHWOOD) PREPARATORY SCHOOL TRUST LIMITED

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

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 40, Moor Park Road, Northwood, Middlesex, HA6 2DJ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) and the Companies Act 2006.

St. Martin's (Northwood) Preparatory School Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

No provision has been made for corporation tax or deferred tax as the charity is a registered charity and therefore exempt.

2.2 Critical accounting judgements and sources of key estimation uncertainty

In the application of the accounting policies, Trustees 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 Trustees, 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. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the School's financial statements.

2.3 Going concern

As detailed in the Report of the Governors, the Governors have reviewed and revised the School's financial forecasting in light of the Covid-19 pandemic, to take into consideration the current economic climate and its potential impact. A number of scenarios were produced which considered the wider potential impact from Covid-19 on the School's key operations, cash position, sources of income and planned expenditure. Revised forecasts have been prepared together with cash-flows, based on the most likely expected outcome from these scenarios, with sensitivity analysis on the key assumptions. The cash flow modelling with sensitivity analysis indicates that the cash reserves of the School are adequate to meet the charity's obligations as they fall due.

Having regard to the above, the current cash position, and the expected cash flow over the next 12-24 months the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

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

2.4 Income

All school income is included in the statement of financial activities when entitlement has passed to it, it is probable that the economic benefits associated with the transaction will flow to the school and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

Fees receivable and charges for services and use of premises, less any allowances, scholarships, bursaries granted by the School are accounted for in the term to which it applies. This is classified as unrestricted funds.

Income from donations or grants is recognised when there is evidence of entitlement to the donation/grant, receipt is probable and its amount can be measured reliably.

Income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.

Government grants are recognised on the performance model, when the School has complied with any conditions attaching to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs relate to. Included in grants and donations is an amount of £57,705 in respect of the Coronavirus Job Retention Scheme.

2.5 Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes VAT which cannot be recovered, and is classified under headings of the statement of financial activities to which it relates:

Expenditure on education includes all costs incurred by the school in undertaking education that furthers its charitable aims for the benefit of its pupils, including those support costs and costs relating to the governance of the charity apportioned to education.

Other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on education.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to education are allocated directly to education.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold buildings	- 2%	reducing balance
Plant	- 10%	straight line
Motor vehicles	- 25%	straight line
Fixtures and fittings	- 20%	straight line
Computers & Office equipment	- 20%	straight line

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

2.7 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

2.10 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Pensions

For teachers the School contributes to the Teachers' Pension Scheme at rates set by the scheme actuary and advised to the School by the scheme administrator. The School is unable to identify its share of the Scheme Funds and therefore the Scheme has been accounted for as a defined contribution scheme. For non-teaching staff the School contributes to defined contribution pension schemes.

For the Teachers' Pension Scheme and for defined contribution schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

3. Income from donations and legacies

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Donations and appeal receipts	<u>12,099</u>	<u>36,478</u>

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

4. Income from charitable activities

	Unrestricted funds 2021 £	<i>Unrestricted funds 2020 £</i>
Gross School fees	6,003,974	6,037,529
Less: Bursaries, scholarships and other concessions	(467,121)	(638,167)
	5,536,853	5,399,362
Other educational income	68,349	61,794
Rental income from housing	63,386	62,873
Furlough income	57,705	189,224
	<u>5,726,293</u>	<u>5,713,253</u>

Included in bursaries, scholarships and other concessions is £179,750 relating to discounts provided to all parents in the Summer term relating to the Spring Term closure of the school due to Covid-19.

5. Investment income

	Unrestricted funds 2021 £	<i>Unrestricted funds 2020 £</i>
Bank interest	<u>5,197</u>	<u>26,410</u>

6. Analysis of expenditure

	Staff costs 2021 £	Other costs 2021 £	Total costs 2021 £	<i>Total costs 2020 £</i>
<i>Charitable activities - Education</i>				
Teaching	3,235,762	118,228	3,353,990	3,777,365
Premises	234,900	354,719	589,619	599,329
Welfare	217,576	129,335	346,911	327,231
Support costs	458,560	581,768	1,040,328	995,186
<i>Total</i>	<u>4,146,798</u>	<u>1,184,050</u>	<u>5,330,848</u>	<u>5,699,111</u>

Included within support costs are governance costs totalling £31,182 (2020: £51,182).

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

7. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,550	15,250

8. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits nor claimed for any expenses (2020 - £NIL).

9. Staff costs

	2021	2020
	£	£
Wages and salaries	3,185,633	3,426,156
Social security costs	319,556	344,977
Pension costs	630,631	677,651
Other employee benefits	10,978	9,049
	<u>4,146,798</u>	<u>4,457,833</u>

Key management personnel comprised the senior leadership team. Aggregate employee benefits paid to key management personnel in the year totalled £699,075 (2020: £556,037).

Total payments to the school's defined contribution scheme for non-teaching staff in the year was £158,220 (2020: £161,458). Amounts payable at year end totalled £470 (2020: £22,875).

The average number of persons employed by the Company during the year was as follows:

	2021	2020
	No.	No.
Teaching (including unqualified teaching and assistants	69	71
Administration	10	11
Domestic (Catering)	10	10
Estates (includes Cleaning)	6	5
	<u>95</u>	<u>97</u>

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The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021 No.	2020 No.
In the band £60,000 - £69,999	4	1
In the band £70,000 - £79,999	1	2
In the band £80,000 - £89,999	1	1
In the band £110,000 - £119,999	-	1
In the band £120,000 - £129,999	1	-

10. Tangible fixed assets

	Freehold buildings £	Plant £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2020	11,584,395	317,395	34,742	797,865	194,440	12,928,837
Additions	466,862	42,000	-	11,351	45,581	565,794
Disposals	-	-	-	-	-	-
At 31 August 2021	12,051,257	359,395	34,742	809,216	240,021	13,494,631
Depreciation						
At 1 September 2020	2,706,717	178,037	34,742	500,846	108,341	3,528,683
Charge for the year	179,485	28,919	-	82,023	32,905	323,332
On disposals	-	-	-	-	-	-
Transfers between classes	-	-	-	-	-	-
At 31 August 2021	2,886,202	206,956	34,742	582,869	141,246	3,852,015
Net book value						
At 31 August 2021	<u>9,165,055</u>	<u>152,439</u>	<u>-</u>	<u>226,347</u>	<u>98,775</u>	<u>9,642,616</u>
At 31 August 2020	<u>8,877,678</u>	<u>139,358</u>	<u>-</u>	<u>297,019</u>	<u>86,099</u>	<u>9,400,154</u>

11. Debtors

	2021 £	2020 £
Trade debtors	1,423,086	1,495,603
Prepayments and accrued income	99,287	57,706
	<u>1,522,373</u>	<u>1,553,309</u>

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

12. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	636,844	153,705
Trade creditors	135,298	118,215
Other taxation and social security	80,422	87,144
Other creditors	65,239	85,064
Fee deposits	284,250	272,000
Advanced fees	1,860,048	1,809,571
Accruals	47,152	117,941
	<u>3,109,253</u>	<u>2,643,640</u>

13. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	-	637,350

A decision was reached by the Governors in the summer of 2021 that the Company should pay off the bank loan in full in September 2021, at the rollover date, so the entire bank loan is shown as due within one year of £636,844 (2020: £153,705) and amounts due within 2-5 years is £Nil (2020: £637,350).

The bank loan is secured by a fixed charge over some of the company's freehold properties.

14. Financial instruments

	2021	2020
	£	£
Financial assets		
Financial assets measured at amortised cost (a)	<u>5,439,384</u>	<u>5,440,842</u>
Financial liabilities		
Financial liabilities measured at amortised cost (b)	<u>2,279,596</u>	<u>2,199,786</u>

(a) Financial assets include cash, trade and fee debtors, other debtors and accrued income.

(b) Financial liabilities include deposits, fees in advance, trade creditors and other creditors.

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

15. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the period (as per Statement of Financial Activities)	<u>412,741</u>	<u>77,030</u>
Adjustments for:		
Depreciation charges	323,332	329,649
Dividends, interests and rents from investments	(5,197)	(26,410)
Loss on the disposal of fixed assets	-	22,691
Decrease in debtors	30,936	(50,380)
Increase in creditors	(17,526)	47,386
Accrued (income)/expenses	-	-
Net cash provided by operating activities	<u><u>744,286</u></u>	<u><u>399,966</u></u>

16. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	<u><u>3,917,011</u></u>	<u><u>3,887,533</u></u>

17. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	3,887,533	29,478	3,917,011
Debt due within 1 year	(153,705)	(483,139)	(636,844)
Debt due after 1 year	(637,350)	637,350	0
	<u><u>3,096,478</u></u>	<u><u>183,689</u></u>	<u><u>3,280,167</u></u>

18. Related parties

During the year family members of key management were employed by the school on arm's length basis and received remuneration totalling £23,975. (2020; £4,732)

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Pension commitments

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 £472,411 (2020: £516,193) and at the year-end £55,970 (2020 - £62,188) 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.

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 the 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.