

Company Number: 03093684
Charity Number: 1048805

LORENDEN SCHOOL
ANNUAL REPORT
FOR THE YEAR ENDED
31 AUGUST 2018



LORENDEN SCHOOL

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2018

CONTENTS

	Page
Reference and administrative details	2 - 3
Report of the trustees	4 - 10
Statement of trustees' responsibilities	11
Auditor's report	12 - 14
Financial statements:	
Statement of financial activities	15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18 - 29

LORENDEN SCHOOL

ANNUAL REPORT FOR THE YEAR ENDED 31 AUGUST 2018

REFERENCE AND ADMINISTRATIVE DETAILS

Name	Lorenden School Limited
Company number	03093684
Charity number	1048805
Registered office	Lorenden Preparatory School Painter's Forstal Faversham Kent ME13 0EN
Key management Personnel	Mrs K Uttley, Head Mr A Collings, Bursar and Clerk to the Governors
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 2018

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Governors

On 1 September 2017 Kent College Canterbury trustee Company Limited (company registration number 05610334) resigned as trustee.

The directors 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:

Mrs L J Cocking	Appointed 01.09.17	LC and Chair KCC
Mrs S A Adley	Appointed 01.09.17	
Mrs S Barrett	Appointed 01.09.17	LC
Dr C L Bounds	Appointed 01.09.17	
Mr R Boyd-Howell	Appointed 01.09.17	LC (Chair)
Mrs P C Edgar	Appointed 01.09.17	
Mrs A L Fontanelli	Appointed 01.09.17	LC
Mr M P Godden	Appointed 01.09.17	
Mr A J Gough	Appointed 01.03.18	
Mrs J L Gray	Appointed 01.09.17	LC
Rev J Hellyer	Appointed 01.09.17	
Mr G Henley-Price	Appointed 01.09.17	Resigned 02.07.18
Mr P T G Hobbs	Appointed 01.09.17	
Mr K Jones	Appointed 01.09.17	
M J Moore	Appointed 01.09.17	LC
Rev M Moul	Appointed 01.09.17	
Mr J Sotillo	Appointed 01.03.18	
Mrs S Wolfe	Appointed 01.09.17	LC

Members of the Lorenden Committee are designated by LC.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their report and the financial statements of Lorenden School Limited (the charitable company) for the year ended 31 August 2018.

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 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Lorenden School Limited 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. The Governors of Kent College Canterbury, who are also the directors of Lorenden School, delegate operational governance to a body of Governors the, Lorenden Committee who operate under terms of reference set by the Trustees. The members of the Lorenden Committee are shown on page 3.

The day to day management of the schools is delegated to the Headteacher, 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.

A pay scale for Headteachers 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 Headteacher.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

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 2018

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 2017-18:

- 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 2018

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 95 Year R to Year 6 children during the year, an estimated saving to the public purse of approximately £260,000 (calculated on the basis of the 2017-18 DfE minimum funding level per primary pupils of £2,747).
- 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 six separate charities.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

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.

We have maintained the tradition of undertaking residential trips and have continued to provide this opportunity for children.

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.

All pupils participated in the end of year drama production of Olivia performed in the school hall. The guest speaker at the following day's Prize Giving was Mrs Jo Dixon a founding member of staff who recalled the first 25 years of Lorenden.

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 a minibus and outdoor play equipment.

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.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

Community links

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

Children in Need
Comic Relief
Sports Relief
The Alzheimer Society
Happy Endings Animal Rescue
Pilgrims Hospice

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.

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 £485,895 (2017: £490,010) 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 £361,002 (2017: £299,318) 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 turnover. 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%.

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.

LORENDEN SCHOOL

REPORT OF THE TRUSTEES (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

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

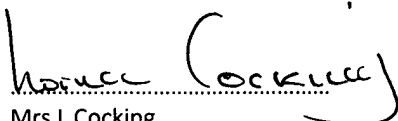
- Reputation – the School's success is built on its reputation for the education and wellbeing of our pupils.
- We manage this risk through safeguarding policies, staff recruitment policies, pastoral support for both pupils and staff and active identification and resolution of health and safety related 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.
- 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.

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 25 February 2019 and is signed on their behalf by:



Mrs L Cocking
Chair of Governors

25/2 2019

LORENDEN SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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 on financial statements

We have audited the financial statements of Lorenden School (the charitable company) for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the trustees 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 report of the trustees.

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

- adequate accounting records have not been kept, 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 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 report of the trustees.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees 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.

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

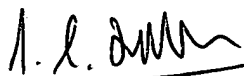
Auditor's responsibilities for the audit of the financial statements

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

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

5 March 2019

LORENDEN SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES
(including an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted funds	
		2018	2017
			as restated
	Notes	£	£
INCOME AND ENDOWMENTS FROM:			
Donations and legacies		16,358	934
Charitable activities:			
School fees	3	1,075,876	1,067,956
Other educational income	4	12,378	15,436
TOTAL		<u>1,104,612</u>	<u>1,084,326</u>
EXPENDITURE ON:			
Charitable activities	5	(1,047,043)	(999,263)
TOTAL		<u>(1,047,043)</u>	<u>(999,263)</u>
NET MOVEMENT IN FUNDS		<u>57,569</u>	<u>85,063</u>
RECONCILIATION OF FUNDS:			
Total funds brought forward		789,328	704,265
TOTAL FUNDS CARRIED FORWARD	15	<u>846,897</u>	<u>789,328</u>

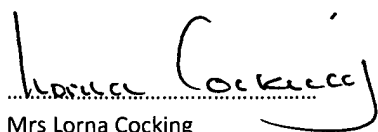
LORENDEN SCHOOL

Company Number: 03093684

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Notes	2018 £	2017 as restated £
FIXED ASSETS:			
Tangible assets	9	1,350,239	1,276,359
CURRENT ASSETS:			
Debtors	10	11,797	22,281
Cash at bank and in hand		201,468	246,476
		<u>213,265</u>	<u>268,757</u>
LIABILITIES:			
Creditors: Amounts falling due within one year	11	(245,295)	(233,310)
NET CURRENT (LIABILITIES)/ASSETS		<u>(32,030)</u>	<u>35,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,318,209</u>	<u>1,311,806</u>
Creditors: Amounts falling due after more than one year	12	(471,312)	(522,478)
NET LIABILITIES		<u><u>846,897</u></u>	<u><u>789,328</u></u>
THE FUNDS OF THE CHARITY:			
Unrestricted funds:			
Property fund		361,002	299,318
General fund		485,895	490,010
TOTAL CHARITY FUNDS		<u><u>846,897</u></u>	<u><u>789,328</u></u>

The financial statements were approved by the board of trustees and authorised for issue on 25 February 2019 and are signed on its behalf by:



Mrs Lorna Cocking
Chair of Governors

25 / 2 2019

LORENDEN SCHOOL

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018	2017
	£	as restated £
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income from the reporting period (as per statement of financial activities)	57,569	85,063
Adjustments for:		
Depreciation charges	46,733	41,001
Interest payable	22,155	18,115
Increase/Decrease in debtors	10,484	(12,819)
Increase/Decrease in creditors	42,629	29,337
NET CASH PROVIDED BY OPERATING ACTIVITIES	179,569	160,697
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(120,613)	(63,589)
NET CASH USED IN OPERATING ACTIVITIES	(120,613)	(63,589)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of borrowings	(81,810)	(46,668)
Interest payable	(22,155)	(18,115)
NET CASH USED IN FINANCING ACTIVITIES	(103,965)	(64,783)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	(45,008)	32,325
Cash and cash equivalents at the beginning of the reporting period	246,476	214,151
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	201,468	246,476
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	201,468	246,476

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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 2015). 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 £32,030, 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.

MIST has pledged its support to the charitable company whilst the school implements plans to improve its net worth. On the basis of the support provided by MIST, the trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Reduced disclosures for subsidiaries

As a qualifying entity within the meaning of FRS 102, the charitable company has chosen to take advantage in its individual financial statements of the following disclosure exemptions:

Section 11 and Section 12 - Financial instruments disclosures

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 2018

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 The Pensions Trust Growth Plan (TPTGP) 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 TPTGP is a multi-employer plan which is a money purchase scheme with guaranteed benefits. The charitable company contributes at various rates on an employee by employee basis. It is not possible for the charitable company to obtain sufficient information to enable it to account for the TPTGP as a defined benefit scheme.

The TPS and the TPTGP are therefore treated as defined contribution schemes 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	5% 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 2018

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.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements. Amounts unspent at the year end are carried forward in the balance sheet.

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.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

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 2018

3	School fees			2018	2017
				£	£
	Gross school fees chargeable			1,107,165	1,094,910
	Less: Bursaries awarded to pupils			(6,000)	-
	Staff, sibling and other discounts and allowances			(25,289)	(26,954)
				<u>1,075,876</u>	<u>1,067,956</u>
4	Other educational income			2018	2017
				£	£
	Fees charged for optional subjects and pupils' extras			9,235	12,932
	Other ancillary income			3,143	2,504
				<u>12,378</u>	<u>15,436</u>
5	Analysis of expenditure			2018	2017
					as restated
		Staff costs	Depreciation	Other	Total
		£	£	£	£
	Charitable activities:				
	Teaching costs	650,611	-	49,696	674,159
	Welfare costs	10,995	-	80,329	89,514
	Premises costs	36,501	20,127	55,171	102,747
	Support costs	58,694	26,606	15,648	93,900
	Governance costs	-	-	18,523	18,733
	Charitable publicity costs	-	-	1,987	2,095
	Finance costs	-	-	22,155	18,115
		<u>756,802</u>	<u>46,733</u>	<u>243,508</u>	<u>999,263</u>
6	Governance costs			2018	2017
				£	£
	Mist			9,855	12,140
	Auditor's remuneration			4,800	5,248
	Other costs			3,868	1,345
				<u>18,523</u>	<u>18,733</u>

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

7	Net income	2018	2017
		£	as restated £
	Net income for the year is stated after charging/(crediting):		
	Amounts payable under operating leases	1,320	1,320
	Depreciation on tangible fixed assets	46,733	41,001
	Interest payable on loans	22,155	18,115
	Auditor's remuneration:		
	Audit of the financial statements	4,800	5,248
		<u>756,801</u>	<u>726,675</u>
8	Staff costs	2018	2017
		£	£
	The aggregate staff costs during the year comprised:		
	Wages and salaries	626,678	609,593
	Social security costs	54,513	46,130
	Pension costs	75,610	70,952
		<u>756,801</u>	<u>726,675</u>
		2018	2017
		No.	No.
	The average number of employees during the year comprised:		
	Teaching staff	27	25
	Other staff	6	6
		<u>33</u>	<u>31</u>
		2018	2017
		No.	No.
	The average number of employees during the year on the full time equivalent basis comprised:		
	Teaching staff	27	25
	Other staff	6	6
		<u>33</u>	<u>31</u>

No employee earned more than £60,000 during the year (2017: None).

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 and were also not reimbursed for any expenses incurred during the current year. The aggregate remuneration of the other key management personnel was £82,340 (2017: £80,703).

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

9	Tangible assets	Land and buildings	Fixtures and equipment	Vehicles	Total
		£	£		£
	Cost:				
	As at 1 September 2017	1,135,686	597,255	32,167	1,765,108
	Additions	-	120,613	-	120,613
	As at 31 August 2018	<u>1,135,686</u>	<u>717,868</u>	<u>32,167</u>	<u>1,885,721</u>
	Depreciation:				
	As restated at 1 September 2017	240,657	225,910	22,182	488,749
	Charged for the year	20,127	22,711	3,895	46,733
	As at 31 August 2018	<u>260,784</u>	<u>248,621</u>	<u>26,077</u>	<u>535,482</u>
	Net book value:				
	As at 31 August 2018	<u>874,902</u>	<u>469,247</u>	<u>6,090</u>	<u>1,350,239</u>
	As restated at 31 August 2017	<u>895,029</u>	<u>371,345</u>	<u>9,985</u>	<u>1,276,359</u>
10	Debtors		2018		2017
			£		£
	Amounts falling due within one year:				
	Fee debtors		1,884		11,101
	Other debtors		9,913		11,180
			<u>11,797</u>		<u>22,281</u>
11	Creditors: Amounts falling due within one year		2018		2017
			£		£
	Trade Creditors		9,474		29,021
	Deposits		3,400		3,500
	Prepaid fees (note 13)		89,643		67,107
	Loans (note 14)		64,238		93,333
	Taxation and social security costs		14,000		12,623
	Other creditors		10,592		12,516
	Accruals		53,948		15,210
			<u>245,295</u>		<u>233,310</u>

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

12 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	2018 Total	2017 Total
	£	£	£	£	£
Deposits	3,350	10,800	7,500	21,650	20,100
Loans (note 14)	64,238	192,714	192,710	449,662	502,378
	<u>67,588</u>	<u>203,514</u>	<u>200,210</u>	<u>471,312</u>	<u>522,478</u>

13 Deferred income

Prepaid fees

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

	2018 £
Balance brought forward at 1 September 2017	67,107
Amounts received during the year	89,643
Amounts recognised as income during the year	(67,107)
Balance carried forward at 31 August 2018	<u>89,643</u>

14 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.

15 The funds of the charity

	Balance at 1 September as restated				Balance at 31 August
	2017	Income	Expenditure	Transfer	2018
	£	£	£	£	£
Unrestricted funds:					
Property fund	299,318	-	-	61,684	361,002
General fund	490,010	1,104,612	(1,047,043)	(61,684)	485,895
	<u>789,328</u>	<u>1,104,612</u>	<u>(1,047,043)</u>	<u>-</u>	<u>846,897</u>
	Balance at 1 September as restated				Balance at 31 August as restated
	2016	Income	Expenditure	Transfer	2017
	£	£	£		£
Unrestricted funds:					
Property fund	288,379			10,939	299,318
General fund	415,886	1,084,326	999,263	(10,939)	490,010
	<u>704,265</u>	<u>1,084,326</u>	<u>999,263</u>	<u>-</u>	<u>789,328</u>

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

16 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:

	2018 £	2017 £
Within one year	1,272	1,272
Between one and two years	1,272	1,272
Between two and five years	318	1,590
	<u>2,862</u>	<u>4,134</u>

17 Pensions

Retirement benefits to employees of the charitable company are provided by the Teachers' Pension Scheme (TPS) in respect of teaching staff. The school contributes to the pensions of its non teaching support staff through an auto-enrolment arrangement. These contributions are part of a defined contributions scheme administered by the Pension Trust.

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 governed by the Teachers' Pension Regulations 2014. Members contribute to the TPS on a "pay as you go" basis with all employee and employer contributions being credited to the Exchequer. Retirement and other pension benefits are paid from public funds provided by Parliament.

The latest actuarial valuation report in respect of the TPS was prepared as at 31 March 2012 and was published in June 2014. This report confirmed that the employer contribution rate should increase from 14.1% of pensionable pay to 16.48% of pensionable pay (including a 0.08% employer administration charge from 1 September 2015). The next revision to the employer contribution rate is not expected to take effect until 1 April 2019 based on the finalisation of the next actuarial valuation for the period ended 31 March 2016.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 AUGUST 2018

17 Pensions (Continued)

A full actuarial valuation for the TPTGP was carried out at 30 September 2014. This valuation showed total scheme assets of £793 million, total scheme liabilities of £970 million, and therefore, a deficit of £177 million. To eliminate this funding shortfall, all participating employers have been asked to pay additional contributions.

Contributions to pension schemes were made for all of the charitable company's employees at the standard rates applicable to the schemes involved. Contributions to the TPS amounted to £72,474 (2017: £67,871) during the year and contributions to the TPTGP amounted to £3,093 (2017: £3,081) during the year. At the balance sheet date, normal monthly pension contributions were outstanding and included in creditors of £6,080 (2017: £5,592) relating to the TPS and £nil (2017: £nil) relating to the TPTGP.

18 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.

19 Related party transactions

During the year, the charitable company borrowed an additional £nil (2017: £nil) from the Methodist Independent Schools Trust (MIST). Total interest payable on the loans from MIST for the year amounted to £15,473 (2017: £15,545) and the total amount of loans outstanding at the balance sheet date was £513,900 (2017: £595,711).

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, banking and insurance. The total amount recharged in the year was £9,855 (2017: £12,140). All of these charges were paid during the year, so there was no outstanding amount at the year end.

There were no other related party transactions during the current or previous year.

LORENDEN SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 AUGUST 2018

20 Prior year adjustment

It was identified during the year that depreciation was being charged on freehold land. Land is considered to have an infinite life so should not have been depreciated. An adjustment has been made to remove depreciation charged to 31 August 2016 of £57,966. The impact on the 2017 statement of financial activities was to reduce expenditure by £2,587.

Changes to the statement of financial activities

	At 31 August 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Expenditure	<u>1,001,850</u>	<u>(2,587)</u>	<u>999,263</u>
Net movement in funds	<u>82,476</u>	<u>2,587</u>	<u>85,063</u>

Changes to the balance sheet

	At 31 August 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Tangible assets	<u>1,215,806</u>	<u>60,553</u>	<u>1,276,359</u>
Funds			
Property Fund	<u>238,765</u>	<u>60,553</u>	<u>299,318</u>