

THE FARNBOROUGH HILL TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

Company Number: 2941378
Charity Number: 1039443

THE FARNBOROUGH HILL TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 JULY 2021

The Governors who served throughout the year (unless stated otherwise) were:

Mr T J Flesher *#	Chair (Resigned 3 December 2020)
Mr G J McCormack *#	Chair (Appointed 3 December 2020)
Miss H Griffiths #	Deputy Chair (Appointed 3 December 2020)
Mr M Bernard #	
Mrs A Berry #	
Dr C Chadwick #	
Mr C Fowler-Tutt *+	
Miss N Hills *	
Mr P Smith *	
Mrs J Windeatt #	

- * Member of the Finance and General Purposes Committee
- # Member of the Education Committee
- + Farnborough Hill representative at the Association of Governing Bodies of Independent Schools

Members of the Trust

Mr M Maher	Chair
Sr M Dawson RCE	
Sr E McCormack RCE	
Sr C Nagle RCE	
Mrs S Buckle	
Mr T J Flesher	(Appointed 3 December 2020)
Mr J B Hull	
Mrs C E Hamilton	

The Head:

Mrs A Neil BA (Hons) MA PGCE

Clerk to the Governors & Bursar:

Cdr M Robertson BSc (Hons)

Address:

Farnborough Hill
Farnborough Road
Farnborough
Hampshire GU14 8AT

Bankers:

NatWest Bank Plc
Farnborough & Basingstoke Commercial Centre
Ground Floor
200 Fowler Avenue
IQ Farnborough
Farnborough
Hampshire GU14 7JP

Auditors:

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Investment Advisers:

Coutts & Co
440 Strand
London WC2R 0QS

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

INTRODUCTION

The Governors (or Directors) - who are charity Trustees for the purposes of the Charities Act 2011 - present their annual report in compliance with both that Act and the Companies Act 2006, together with the financial statements prepared under the latter Act, for the year ended 31 July 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status and Administration

The Farnborough Hill Trust (Farnborough Hill) was incorporated as a private company limited by guarantee on 22 June 1994. Farnborough Hill is a registered charity number 1039443. The Trust includes the Farnborough Hill Bursary, Scholarship and Prize Fund.

The governing documents are the Instrument of Government, approved by the Charity Commission and the Principal Superior of the Institute of Christian Education, and the Memorandum and Articles of Association. Where ambiguity arises, the Memorandum and Articles of Association shall prevail.

Governing Body

The Governors who served during the year are shown on page 1.

The Board of Governors should consist predominantly of Roman Catholics. In total, it should consist of not less than five and not more than fifteen Governors. The Trustees/members can appoint any suitable person who is willing to act as a Governor in a general meeting by a simple majority. One third of the Governors retire by rotation at each Annual General Meeting but are eligible for re-election at that meeting.

Governors regularly attend training seminars and courses organised by ISBA, AGBIS and other professional bodies with the aim of keeping up to date with governance, compliance and safeguarding issues. Attendance at relevant INSET training for academic staff is also encouraged and the interaction with academic staff, at such training, is deemed to be of a significant benefit.

Prospective Governors are normally invited to visit the School and undertake an induction programme, attend AGBIS training for new Governors and attend school events and Governors' meetings prior to being nominated for election by the Members of the Trust. On appointment each Governor is given a copy of the Memorandum and Articles of Association and the Instrument of Government, together with any other documentation appropriate at the time.

Organisation

The Board of Governors and its two committees, namely Finance & General Purposes and Education, set out the general policy of the school. The day to day affairs of the school are run by the School's Senior Leadership Team.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Objects

Farnborough Hill is an independent Roman Catholic Day School for Girls age 11 -18 years and the Head is a member of the Girls' Schools Association and Independent School's Association. The School is dedicated to educating the whole person within a happy, caring Christian community where each individual is valued. Girls from all Christian denominations, other faiths and none are welcomed into the School.

FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

Objects

The objects of the Farnborough Hill Trust are to advance the Roman Catholic faith by the education of children of all faiths in the Christian tradition.

Objectives for the year ahead

- a. To continue to deliver a broad curriculum throughout the ongoing Covid-19 pandemic.
- b. To maintain healthy recruitment into Year 7 and the Sixth Form.
- c. To complete the Sixth Form Quad project by April 2022.
- d. To minimise the risk of spread of Covid-19.
- e. To develop a comprehensive Estate Decarbonisation Plan.

Strategies to achieve the year's objectives

Strategies employed to achieve the above objectives include:

- a. SLT to continuously review onsite, remote and blended teaching provision to ensure that opportunities are maximised and risks minimised.
- b. Review, update and implement the admissions and marketing plan.
- c. Proactive and detailed project management alongside the School's Surveyors, ProMission.
- d. Implement and continuously review the comprehensive school Covid-19 Risk Assessment.
- e. Engage with industry experts to survey all school buildings to produce a School Sustainability Plan.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

In a year when pupils lost the opportunity to put their learning to the test through traditional examinations, credit must be given to the industry and indomitable spirit of this year's candidates for their outstanding results.

Teacher Assessed Grades (TAGs) at Farnborough Hill were based on between five and eight pieces of evidence per subject that comprised a combination of formal assessments sat under high levels of control and additional evidence to support a professional judgment of the standard at which the pupils were working. After a rigorous internal quality assurance process, involving SLT, the SENDCo and HODs, all our grades were accepted by the examination boards, which acknowledged the School achieved compliance in terms of the processes we had followed.

The staff worked tremendously hard, gathering data, ensuring that access arrangements and special consideration were given due account, assimilating the regulations and recording their evidence and rationale for awarding grades. This included quality assurance processes to mitigate the risk of bias such as 'blind marking' all of the May 2021 assessments, and departmental discussion of factors that can affect objectivity such as the 'halo effect'. Additionally, analysis of the TAGs reference to ethnicity, religion and SEND showed that there was no evidence of any bias and that pupils in these categories were being awarded results in line with the rest of the cohort.

FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

The 2021 Public Examination series was a team effort from the School community, performed 'wholeheartedly'. In the end, while the system of continual assessment undoubtedly played to the strengths of our pupils, the grades achieved were hard-earned and awarded by the School with integrity.

A level Headlines

- Six students achieved straight A*s
- The average grade in the cohort was a Grade A
- All students studying Classical Civilisation, Latin, Computing and D&T achieved A*s.
- Of the nine students studying English Literature, eight achieved an A* and one a grade A
- In a cohort of 39 students, 10 achieved two A*s and at least one A grade and 22 students achieved all A* or A grades
- Destinations: 94% of applicants gained access to their first-choice university with 77% of university destinations within the Russell Group

GCSE grades were equally creditable:

GCSE Headlines

- The average grade was a Grade 7 (the equivalent of a Grade A)
- Three pupils achieved all Grade 9s
- 20 pupils achieved all Grade 9s and 8s (the equivalent of an A*)
- 39 pupils achieved all Grades 9 to 7 (the equivalent of straight A*s and As)
- Standout subjects were: Music, Computer Science, Greek, History and Latin, where all entrants achieved an average score of higher than a Grade 8
- The average grade in all three Separate Sciences (Biology, Chemistry, Physics) was a Grade 8. This achievement was matched by Religious Studies, Geography, Food Preparation and Nutrition, English Language and ICT
- All five Music GCSE pupils achieved a Grade 9 or 8

The number of girls involved in Project Qualifications continues to be significant. 72 girls in Year 9 completed either the Level 1 or Level 2 qualification last academic year, with impressive results: 70% A* - A. One member of the Upper Sixth submitted an EPQ in the June session, receiving an A grade, whilst 20 members of the current Upper Sixth have submitted for the November deadline.

The School's IT support was outsourced to CST who provide support in depth and breadth for this critical capability area. Work already completed includes a major upgrade of IT systems involving the replacement of servers and the complete restructuring of the School's IT network. This has made systems faster, more resilient and future proof. As this year progresses the School will be working with CST to develop the School's IT Roadmap for the next 5 years and this will include the rollout of iPads to all Year Groups from September 2022 and preparation to upgrade the School's wireless infrastructure to manage the additional devices. The School will be relying less on local storage as the remaining file shares are moved to the Cloud. Alongside this the IT Support Team will continue to facilitate blended learning and virtual events for as long as is needed in response to the ongoing pandemic.

The curriculum, as it stands, is broad and balanced. Girls in Years 7 and 8 are exposed to up to 17 subjects (not consecutively) before reducing their portfolio to 13 subjects in Year 9, and then reducing further to eight subjects, which translates to 10 GCSEs in Year 11. Additionally, the curriculum remains the same in terms of content and configuration. However, as ever, developments and initiatives are being taken forward.

FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

In the Sixth Form the School follows a three A level linear model. Furthermore, bi-weekly careers lessons and an EPQ lesson have been embedded into all Lower Sixth students' timetables as well as a coaching programme – Ivy House.

Initiatives in the Sixth Form include increasing the opportunities for leadership and responsibility. For instance, further increasing the prestige and reach of the Junior Leadership Team (JLT) and inviting Sixth Formers to support activities and duties more fully. The School is also working hard to develop outreach and aims to continue with a partnership with other independent schools to support the candidates applying to Oxbridge.

The return to School in March made a real difference to all aspects of the School's life, including the Spiritual life on the Hill. Our seven CAFOD Young Leaders in the Lower Sixth launched the 'Walk for Water' campaign with a unique Farnborough Hill twist. The initiative aimed to raise awareness about people in developing countries who must walk great distances in order to collect clean water. The campaign encouraged participants to walk 10,000 steps each day in solidarity with those who must walk long distances for water and encouraged participants to raise money so that CAFOD could build sources for clean water in communities in need. This campaign raised awareness, encouraged staff and pupils to get walking outdoors, and raised funds for CAFOD.

The School has commenced a significant capital project which will see a Grade I listed glass covered quadrangle area converted from a locker room into a modern and vibrant Sixth Form Common Room. This work commenced in March 2021 and will be completed by Easter 2022. The conversion will place the Sixth Form in the centre of the School from which the Sixth Formers can play a more central part in the leadership of the School. Further works undertaken include the refurbishment of the rear of the Old House, the Chapel Corridor toilets and the replacement of the Chapel corridor roof.

The Old Girls' network has remained supportive and connected to the School, even throughout the pandemic, when Old Girls have not been able to visit the School in person.

Throughout the pandemic many Old Girls have assisted with supplies for vulnerable Old Girls and their families. In School we have been keeping a 'vulnerable list' and engaging with these Old Girls and relatives on a regular basis. Current pupils have been corresponding with those on the list and some 'penpal' relationships have been established.

A second virtual Old Girl reunion has been held on Facebook which has currently been viewed by over 1100 Old Girls online. With over 2100 members of the closed Facebook page the School is now taking forward a Business Networking Hub and the mentoring of current pupils (predominantly Sixth Form) which takes place throughout the School's Careers programme.

In line with the School's aim to develop a coaching approach widely amongst staff to staff, and staff to pupil engagements coaching training is now being rolled out. The essence of the technique is to aid an individual to solve their own problems and therefore increase their sense of control and mastery which is vital for self-growth, rather than for someone else to solve problems, but in actuality render impotent the individual with the challenge.

As part of our strategy, the School is keen to empower Middle Leaders. The objective is for them to feel an increased level of autonomy and purpose as well as understanding their impact on role-models and agenda setters. A programme has been designed by a consultancy to facilitate this. All HODs, HOYs and several other staff that hold responsibility for an area within the School are participating.

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

THE SCHOOL AND THE COMMUNITY (PUBLIC BENEFIT)

The Governors and Senior Leadership Team consider that the School should strive to play a full and responsible part in the wider community, so living out our Mission Statement. Lockdowns and restrictions brought about by the COVID-19 pandemic led to limitations on the ability to provide in-person activities and support. However, the School developed "The Hive", which brought together over 100 Year 6 pupils from 50 primary schools for an eight-week series of virtual lessons, aimed at fostering friendships and supporting learning. Additionally, pupils and students wrote to lonely and vulnerable members of the local community to ease feelings of isolation during lockdown. Post lockdown, and in order to assist local junior and prep schools catch up with their swimming curriculum, the School has extensively opened up its pool free of charge. We are always working to extend our links with the community further.

We also continued our charity work with the local community and raised over £5,000 for good causes in addition to non-monetary donations through food and clothing to local charities assisting families in need.

There were 62 Bursary awards made during the year to families who required financial assistance to send their daughters to Farnborough Hill.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

This is the 26th financial year for the Farnborough Hill Trust, the School having been transferred to the Trust by the Institute of Christian Education as a going concern on 1 August 1994. During this year Farnborough Hill has had a roll of 570 pupils. The anticipated roll for 2022 and thereafter is good and the Governors are confident that the School can continue to maintain numbers well in excess of the break-even requirement.

The Bursary and Scholarship funds have been used to good effect this year and continue to be met with support from Unrestricted Funds. Academic scholarships are awarded in Years 7 and 11 for the Sixth Form. Each year the School normally offers to Year 7 entrants a number of major scholarships each worth one fifth fees and a number of minor scholarships worth one tenth of fees. One of the major scholarships is available only to Roman Catholic pupils but the remainder are unrestricted.

Each year there is also one Music, one Sports and one Arts & Design scholarship award on offer at Year 7, each worth one fifth of fees. A number of scholarships of up to £3,000 are awarded annually for the two Sixth Form years.

The Board of Governors wishes to acknowledge the continued generosity of the Sisters of the Religious of Christian Education in making very significant donations to the Scholarship, and in particular the Bursary funds. These are of immense help in maintaining the Objects and Policy of the School and also in assisting Catholic pupils to attend Farnborough Hill where parents could not otherwise afford the fees.

Grant Making Policy

This year the total value of bursaries, scholarships and prizes made to the School's pupils amounted to £695,939 (2020: £706,309). This included a total of £130,000 (2020: £130,000) from restricted funds, comprising bursaries £115,000 (2020: £115,000) and scholarships £15,000 (2020: £15,000).

The Governors' policy, in line with that of other independent schools, is to make these awards on the basis of the individual's assessed financial need in the case of bursaries, and academic ability when allocating scholarships and prizes (subject to any particular conditions imposed by the original donor where the award is made out of restricted funds).

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

Reserves Policy

The School needs reserves to ensure it can fulfil and complete the charitable obligations and commitments it enters into.

As at 31 July 2021, the total funds of the School were £11,087,423 which included restricted funds of £544,432 and unrestricted funds of £8,309,557 – the bulk of which is represented by the School's fixed assets i.e. its buildings. As with all schools, the School's reserves policy is closely linked to its working capital needs through the year and to its development plan in the medium term. The Governors are aware that it is not always possible for a major new development project to be funded solely from current resources and alternative means of funding may be required. It is also the intention of Governors to steadily to build up the School's reserves from modest annual operating surpluses over time.

At the end of the financial year the level of freely available reserves stood at £2,063,339 (2020: £1,908,126). Unrestricted fund operating costs currently amount to £7,940,508 (2020: £7,851,455) per annum.

In the accounts the unrestricted funds relate to the general school funds and the restricted funds comprise the Bursary, Scholarship and Prize Funds.

The value of the restricted funds at the end of the year is £544,432 (2020: £451,009). The actual surplus of unrestricted funds over the year's activities was £449,193 (2020: £204,411).

The School is entirely self-supporting and its funds have been carefully built up over the past 25 years through prudent financial management.

Key Management Pay

The Governors consider the Senior Leadership Team to comprise the key management personnel of the School as they are in charge of directing and controlling, running and operating the School on a day to day basis. All Governors give of their time freely and no Governor received remuneration in the year. Details of related party transactions are disclosed in Note 21 to the accounts.

The remuneration of the Senior Leadership Team and all staff is reviewed annually. In view of the nature of the organisation, the governing body benchmarks against pay levels in other similar educational organisations.

Investment Policy and Objectives

In accordance with the powers given in its governing document, the Charity has delegated the management of its investment portfolio to a specialist adviser and has instructed them to balance capital growth and income in managing its portfolio. The investment manager has completed these aims within current market conditions. Income from listed investments is £8,316 (2020: £9,271) and the market value at the year-end is £585,127 (2020: £447,245), as shown in Note 9 to the financial statements.

Fundraising Practices

Farnborough Hill has not made any fundraising appeals to the general public during the year of the pandemic. Fundraising focusses on securing grants and donations from government bodies, registered charities, business links and parents, but not so far from alumni. There has been no outsourced fundraising via professional fundraisers or other third parties. Consequently, the School is not registered with the fundraising regulator and received no fundraising complaints in the year. Parental donations are entirely voluntary.

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

RISK MANAGEMENT AND PRINCIPAL RISKS

The School has a formal risk management process through which the Senior Leadership Team identifies the major risks to which the organisation may be exposed and has ranked these by likelihood and impact, culminating in a risk control document which is updated on a regular basis. All significant risks, together with current mitigation actions, are reviewed regularly throughout the year by the Governing Body. The Governors are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

The principal risks and uncertainties identified by the School are as follows:

Risk identified	Action to mitigate the risk
Significant outbreak of Covid-19 throughout the School.	Comprehensive risk assessment continuously reviewed to ensure all required measures are in place to minimise spread of Covid-19. Detailed plans in place to deliver remote and blended curriculum.
Fall in pupil numbers	Numbers throughout the recruiting process will be closely monitored and marketing and admissions strategies will be adjusted as required. The School will ensure that it remains an attractive option for future parents both academically and in the provision of excellent facilities.
Catastrophic business interruption	Well trialled and tested Emergency Recovery plan in place supported by comprehensive insurance cover to ensure the continued operation of the school.
Externally imposed financial pressures.	The school continues to monitor the situation and react to advice and guidance given by relevant bodies. Provision will be considered within the budget.
Reputational damage	The School has a well trialled and tested Emergency Recovery plan. A comprehensive suite of risk assessments and policies are in place which mitigates against events that would potentially lead to reputational damage.
Decrease in academic achievement	Ensure continued recruitment of high calibre teaching staff. Maintain attractive pay scales. Continue to provide a welcoming, stimulating, vibrant and well supported work environment.

The risks to which the School is exposed have been considered and steps taken to determine their relative importance. Risks are graded using a traffic light assessment that classifies Major, Average and Minor Risks as detailed within the Risk Assessment Plan. The Major Risks, as identified by the Governors, have been reviewed and systems established to mitigate those risks.

FUTURE PLANS

Future Plans are detailed within the Long-Term Strategic Plan, which is reviewed regularly by the Board of Governors. Main objectives for the next four years, as previously stated, are as follows:

- a. To provide a broad and balanced curriculum.
- b. To provide enhanced facilities for teaching and learning whilst improving facilities infrastructure and the integrity of the Grade I listed building.
- c. Continue to renew, extend and improve ICT facilities and infrastructure to all pupils and teachers as part of the School's overall ICT strategy.
- d. Monitor trends in Year 7 recruitment and Sixth Form retention and consider implementing further strategies to maintain recruitment and increase retention.

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2021

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as Trustees of Farnborough Hill Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under that law the Governors 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 Governors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Governors are aware at the time the report is approved:

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

AUDITORS

A resolution to re-appoint Haysmacintyre LLP will be submitted to the Annual General Meeting.

Approved by the Board on 2 December 2021 and signed on its behalf by



Mr G J McCormack (Chair)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FARNBOROUGH HILL TRUST

Opinion

We have audited the financial statements of Farnborough Hill Trust for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors for the financial statements

As explained more fully in the Governors' responsibilities statement (set out on page 9), the Governors (who act as Trustees of Farnborough Hill Trust and 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 Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charity Commission, the Independent Schools Inspectorate (ISI) and the statutory safeguarding and child protection guidance issued by the Department for Education (DfE), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Charities SORP (2019), Companies Act 2006 and payroll taxes.


We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risk was related to the recognition of voluntary income. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity, particularly in relation to the recording of income and processing of payments and payroll, to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewing and testing journal entries made in the year, particularly those made as part of the year end financial reporting process; and
- Challenging assumptions and judgements made by management in their critical accounting estimates which comprise depreciation, bad debt provision, accruals and deferred income.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FARNBOROUGH HILL TRUST

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.



Siobhan Holmes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date 15 December 2021

10 Queen Street Place
London
EC4R 1AG

THE FARNBOROUGH HILL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 JULY 2021

INCOME FROM:	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2021 £	Total 2020 £
Charitable activities						
School fees	4	7,934,054	-	-	7,934,054	7,531,664
Ancillary trading	2	295,399	-	-	295,399	363,125
Voluntary sources						
Donations		-	130,000	-	130,000	130,000
Charitable trading – rental income		28,551	-	-	28,551	24,261
Investment income	3	352	8,316	-	8,668	17,012
Other income		131,345	-	-	131,345	129,075
Total Income		<u>8,389,701</u>	<u>138,316</u>	<u>-</u>	<u>8,528,017</u>	<u>8,195,137</u>
EXPENDITURE ON:						
Raising funds						
Financing costs		24,416	-	-	24,416	(42,914)
Investment management		-	2,970	-	2,970	3,169
		<u>24,416</u>	<u>2,970</u>	<u>-</u>	<u>27,386</u>	<u>(39,745)</u>
Charitable activities:						
School operating costs:						
Teaching		5,132,525	-	-	5,132,525	5,143,144
Welfare		33,788	-	-	33,788	33,446
Premises		1,451,065	-	79,165	1,530,230	1,412,344
Support costs of schooling		889,755	-	-	889,755	893,035
Catering, travel and other recharges		408,959	-	-	408,959	491,561
Grants, awards and prizes	4b	-	130,000	-	130,000	130,000
Total expenditure	5	<u>7,940,508</u>	<u>132,970</u>	<u>79,165</u>	<u>8,152,643</u>	<u>8,063,785</u>
Net income before investment gains	7	449,193	5,346	(79,165)	375,374	131,352
Investment gain/(loss)		-	88,077	-	88,077	(28,777)
NET MOVEMENT IN FUNDS		<u>449,193</u>	<u>93,423</u>	<u>(79,165)</u>	<u>463,451</u>	<u>102,575</u>
Fund balances at 1 August		<u>7,860,364</u>	<u>451,009</u>	<u>2,312,599</u>	<u>10,623,972</u>	<u>10,521,397</u>
Fund balances at 31 July		<u><u>8,309,557</u></u>	<u><u>544,432</u></u>	<u><u>2,233,434</u></u>	<u><u>11,087,423</u></u>	<u><u>10,623,972</u></u>

All recognised gains and losses are included in the statement of financial activities.

All operations are continuing.

Full comparative figures for the year ended 31 July 2020 are shown in note 23.

The notes on pages 16 to 29 form part of these financial statements.

BALANCE SHEET

AT 31 JULY 2021

	Notes	£	2021	£	£	2020	£
FIXED ASSETS							
Tangible assets	8	10,438,957			10,268,601		
Investments	9	585,127			447,245		
				11,024,084			10,715,846
CURRENT ASSETS							
Debtors	10	227,012			220,369		
Cash at bank		3,209,926			2,836,330		
		3,436,938			3,056,699		
CREDITORS: Amounts falling due within one year	11	(1,373,599)			(1,148,573)		
NET CURRENT ASSETS				2,063,339			1,908,126
TOTAL ASSETS LESS CURRENT LIABILITIES				13,087,423			12,623,972
CREDITORS: Amounts falling due after more than one year	12			(2,000,000)			(2,000,000)
NET ASSETS	13			11,087,423			10,623,972
FUNDS							
Restricted funds	14			544,432			451,009
Endowed funds	13			2,233,434			2,312,599
Unrestricted funds	13			8,309,557			7,860,364
TOTAL FUNDS	13			11,087,423			10,623,972

The financial statements were approved and authorised for issue by the Board on 2nd December 2021 and were signed below on its behalf by:



Mr G J McCormack
CHAIR

The notes on pages 16 to 29 form part of these financial statements.

THE FARNBOROUGH HILL TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2021

	Notes	£	2021	£	£	2020	£
NET CASH FLOWS FROM OPERATING ACTIVITIES	19			811,093			509,158
CASH FLOWS FROM INVESTING ACTIVITIES							
Payment for tangible assets		(387,691)			(102,008)		
Proceeds from sale of tangible fixed assets		-			549		
Investment additions and movement in cash awaiting investment		(385,668)			(185,341)		
Proceeds from sale of investments		335,862			179,243		
NET CASH USED IN INVESTING ACTIVITIES				(437,497)			(107,557)
Change in cash and cash equivalents in the reporting period				373,596			401,601
Cash and cash equivalents at the beginning of period				2,836,330			2,434,729
CASH AND CASH EQUIVALENTS AT THE END OF REPORTING PERIOD				3,209,926			2,836,330

The notes on pages 16 to 29 form part of these financial statements.

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

1. ACCOUNTING POLICIES

Charity information

The School is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 22 June 1994 (company number: 2941378) and registered as a charity on 15 July 1994 (charity number: 1039443). Its registered office is Farnborough Road, Farnborough, Hampshire, GU14 8AT.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice (second edition) 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 2020.

The accounts are drawn up on the historical cost basis of accounting, as modified by the revaluation of investments and leasehold land and buildings.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the School's financial viability. The School has managed its finances and resources soundly during the Covid-19 pandemic and is well placed going forward. Accordingly, they also continue to adopt the going concern basis in preparing the financial statements.

Critical accounting judgements and key sources of estimation or uncertainty

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

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

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

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

Fees and similar earned income

Fees receivable and charges for services and use of the premises, less any allowances, scholarships, bursaries granted by the School against those fees, but including contributions received from restricted funds, are accounted for in the period in which the service is provided.

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

1. ACCOUNTING POLICIES (continued)

Investment income

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

Donations, legacies, grants and other voluntary income

Voluntary income is accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable.

Voluntary income for the School's general purposes is accounted for as unrestricted and is credited to unrestricted funds. Where the donor or an appeal has imposed trust law restrictions, voluntary income is credited to the relevant restricted fund. Other income includes Furlough grant income received from the government in relation to Covid-19.

Expenditure

Expenditure is accrued as soon as a liability is considered probable. Expenditure attributable to more than one cost category in the Statement of Financial Activities is apportioned to them on the basis of the estimated amount attributable to each activity in the year, either by reference to staff time or the use made of the underlying assets, as appropriate. Irrecoverable VAT is included with the item of expenditure to which it relates.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit, any legal advice for the School's Governors, and all the costs of complying with constitutional and statutory requirements, such as costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Tangible fixed assets

Tangible fixed assets inherited by the School at 1 August 1994 are included at cost being their net book value at that date.

Expenditure on the acquisition, construction or enhancement of land and buildings costing more than £1,000 together with vehicles, furniture, machinery, ICT infrastructure and other equipment costing more than £1,000 is capitalised and carried in the balance sheet at historical cost.

Other expenditure on equipment incurred in the normal day-to-day running of the School is charged to the Statement of Financial Activities as incurred. Individual items costing less than £1,000 are normally written off as an expense on acquisition.

Depreciation is provided to write off the cost of all relevant tangible fixed assets less estimated residual value based on current market prices, in equal annual instalments over their expected useful economic lives as follows:

Leasehold buildings and property investments	- 10 - 50 years
Furniture, fittings and equipment	- 4 - 10 years
Motor Vehicles	- 4 - 10 years
IT equipment	- 2 - 4 years

The gift of the 999-year lease of the School building and grounds in 2003 has been capitalised to comply with the Charities SORP. The asset has been included in the balance sheet at valuation. The trust has adopted the provisions of FRS 15 in respect of this asset and will not revalue it in the future. The land element is depreciated over the life of the lease.

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

1. ACCOUNTING POLICIES (continued)

Investments

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

Fund accounting

The charitable trust funds of the School are accounted for as unrestricted or restricted income in accordance with the terms of trust imposed by the donors or any appeal to which they may have responded.

Unrestricted income belongs to the School's corporate reserves, to be spent at the discretion of the Governors either to further the School's Objects or to benefit the School itself. Where the Governors decide to set aside any part of these funds to be used in future for some specific purpose, this is accounted for by transfer to the appropriate designated fund.

Endowed funds represent the 999-year lease which was gifted to the School during the year ended 31 July 2003. The fund was valued at £5,500,000, less the soft loan of £2,000,000. The net figure constituted an expendable endowment of £3,500,000 that was recognised as income in the Statement of Financial Activities under the heading 'Donations' in the year of receipt.

Restricted funds represent amounts donated to the School for specific purposes such as funding building developments, scholarships, seniors' bursaries and prizes.

Pension costs

Retirement benefits to employees of the School are provided through two principal pension schemes. The pension costs charged in the Statement of Financial Activities are determined as follows:

- (a) The Teachers' Pension Scheme - This scheme is a multi-employer pension scheme. It is not possible to identify the School's share of the underlying assets and liabilities of the Teachers' Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme. The School's contributions, which are in accordance with the recommendations of the Government Actuary, are charged in the period in which the salaries to which they relate are payable. The School exited this defined benefit pension scheme on 31 August 2020. All affected staff have moved to a defined contribution scheme.
- (b) The Aviva Pension Trust for Independent Schools (APTIS) is a defined contribution scheme. Contributions payable by the School during the year are included in the pension costs charged in the accounts.
- (c) Other pension costs charged in the accounts for defined contribution schemes represent the contributions payable by the School during the year.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

1. ACCOUNTING POLICIES (continued)

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Debtors

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

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Employee benefits

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

2. ANCILLARY TRADING INCOME	2021 £	2020 £
Catering	101,368	206,559
Coaches	140,618	107,389
Trips	1,683	37,622
Other	51,730	11,555
	<u>295,399</u>	<u>363,125</u>

All ancillary trading income is unrestricted in both years.

3. INVESTMENT INCOME	2021 £	2020 £
School bank interest	352	7,741
Restricted fund bank and other interest	-	2
Restricted fund investment income	8,316	9,269
	<u>8,668</u>	<u>17,012</u>

Of the above, £8,316 relates to restricted income (2020: £9,289).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

4. SCHOOL FEES	2021 £	2020 £
a) School fees comprised:		
School fees	8,645,282	8,251,838
Registration fees	18,700	20,500
Retained deposits	2,423	527
	<u>8,666,405</u>	<u>8,272,865</u>
Less: Bursaries, grants and allowances	(862,351)	(871,201)
	<u>7,804,054</u>	<u>7,401,664</u>
Scholarships and grants paid for by Restricted Funds	130,000	130,000
	<u>7,934,054</u>	<u>7,531,664</u>
b. Grants, awards and prizes paid by restricted funds consisted of:		
Scholarships	15,000	15,000
Bursaries	115,000	115,000
	<u>130,000</u>	<u>130,000</u>
Scholarships and bursaries paid for by Restricted Funds	<u>130,000</u>	<u>130,000</u>

The above educational awards were made to 143 pupils (2020: 145).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

5. ANALYSIS OF EXPENDITURE

	Staff £	Other £	Depreciation £	2021 Total £
Cost of generating funds:				
Financing costs	-	24,416	-	24,416
Investment management	-	2,970	-	2,970
	-	27,386	-	27,386
Charitable activities:				
School operating costs:				
Teaching costs	4,523,663	582,447	26,415	5,132,525
Welfare	32,513	1,275	-	33,788
Premises	385,434	953,876	190,920	1,530,230
Support costs	691,851	197,904	-	889,755
Catering, travel and other recharges	134,755	274,204	-	408,959
Grants and prizes	-	130,000	-	130,000
	5,768,216	2,167,092	217,335	8,152,643

Comparative information in respect of the preceding period is as follows:

	Staff £	Other £	Depreciation £	2020 Total £
Cost of generating funds:				
Financing costs	-	(42,914)	-	(42,914)
Investment management	-	3,169	-	3,169
	-	(39,745)	-	(39,745)
Charitable activities:				
School operating costs:				
Teaching costs	4,634,468	483,788	24,888	5,143,144
Welfare	31,404	2,042	-	33,446
Premises	414,375	806,261	191,708	1,412,344
Support costs	648,793	244,242	-	893,035
Catering, travel and other recharges	126,816	364,745	-	491,561
Grants and prizes	-	130,000	-	130,000
	5,855,856	1,991,333	216,596	8,063,785

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

5. ANALYSIS OF EXPENDITURE (continued)

Other support costs of schooling comprise

	2021 £	2020 £
Stationery, equipment and computers	34,825	24,297
Postage and telephone	13,487	16,877
Advertising	65,775	110,431
Professional fees	42,129	53,852
Subscriptions	18,489	17,086
Governance	22,834	19,060
Other	365	2,639
	<u>197,904</u>	<u>244,242</u>

Governance costs includes

	2021 £	2020 £
Audit	20,040	15,500
Additional fees in relation to the prior year audit	2,794	3,560
	<u>22,834</u>	<u>19,060</u>

6. Staff costs

Remuneration	4,668,904	4,576,673
Social security costs	486,836	479,105
Pension contributions	612,476	800,078
	<u>5,768,216</u>	<u>5,855,856</u>

The average number of employees for the year was 82 full time (2020: 84) and 52 part time (2020: 51) of which 61 full time (2020: 60) and 23 part time (2020: 27) were teaching staff. Included within the remuneration figure is £66,333 relating to termination payments (2020: £nil).

The total employee benefits of the key management personnel and the School were £701,395 (2020: £678,708).

	No.	No.
The number of employees whose emoluments exceeded £60,000 were:		
£60,000 - £70,000	2	4
£70,000 - £80,000	2	1
£80,000 - £90,000	1	1
£90,000 - £100,000	-	1
£100,000 - £110,000	1	-
	<u> </u>	<u> </u>

All of these higher paid employees (2020: 2) are accruing retirement benefits under the defined contribution scheme. Contributions this year totalled £68,882 (2020: £15,714).

No governors, or any person connected with them, received any remuneration during the year. Expenses for travel and training reimbursed to governors amounted to £290 (2020: £1,633).

During the year the School obtained, within its general insurance, professional indemnity and governors liability insurance for a premium of £360 (2020: £360).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

7. NET MOVEMENT IN FUNDS

	2021	2020
	£	£
Net movement in funds is stated after charging:		
Auditors' remuneration		
- for audit	20,040	15,500
- in relation to prior year	2,794	3,560
Depreciation	<u>217,355</u>	<u>216,596</u>

8. TANGIBLE FIXED ASSETS

	Leasehold land and buildings	Leasehold Buildings and property improvements	Furniture fittings and motor vehicles equipment	IT Equipment	Total
	£	£	£	£	£
Cost					
At 1 August 2020	5,500,000	7,180,719	1,175,340	495,638	14,351,697
Additions	-	347,025	11,376	29,290	387,691
Disposals	-	-	-	-	-
At 31 July 2021	<u>5,500,000</u>	<u>7,527,744</u>	<u>1,186,716</u>	<u>524,928</u>	<u>14,739,388</u>
Depreciation					
At 1 August 2020	1,187,401	1,517,121	1,039,202	339,372	4,083,096
Charge for the year	79,165	96,961	31,672	9,537	217,335
Released on disposals	-	-	-	-	-
At 31 July 2021	<u>1,266,566</u>	<u>1,614,082</u>	<u>1,070,874</u>	<u>348,909</u>	<u>4,300,431</u>
Net Book Value					
At 31 July 2021	<u>4,233,434</u>	<u>5,913,662</u>	<u>115,842</u>	<u>176,019</u>	<u>10,438,957</u>
At 31 July 2020	<u>4,312,599</u>	<u>5,663,598</u>	<u>136,138</u>	<u>156,266</u>	<u>10,268,601</u>

The leasehold land and buildings relates to the gift of a 999-year full repairing lease from the Religious of Christian Education (the freeholder/lessor). The asset has been capitalised in accordance with the requirements of the Charities SORP.

The valuation was carried out by external valuers Christie & Co. (surveyors, valuers and agents) who arrived at an existing use valuation of £5,500,000 based on the current condition as at 5 December 2002.

The Trust has adopted the provisions of FRS15 in respect of the lease and will not revalue it in the future.

9. INVESTMENTS – RESTRICTED FUNDS

	Market Value		Cost	
	2021	2020	2021	2020
	£	£	£	£
Listed investments	578,997	437,369	427,986	316,500
Cash awaiting reinvestment	6,130	9,876	6,130	9,876
	<u>585,127</u>	<u>447,245</u>	<u>434,116</u>	<u>326,376</u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

9. INVESTMENTS – RESTRICTED FUNDS (continued)

Investments listed on a recognised stock exchange including investments and unit trusts:

	2021	2020
	£	£
UK	238,130	161,930
Overseas	340,867	275,439
Cash: UK	6,130	9,876
	<u>585,127</u>	<u>447,245</u>
	2021	2020
	£	£
Market value at 1 August	447,245	469,923
Additions and movements in cash awaiting reinvestment	389,414	196,099
Disposals at opening market value	(339,609)	(190,000)
(Losses)/Gains on investments	88,077	(28,777)
	<u>585,127</u>	<u>447,245</u>

10. DEBTORS

	2021	2020
	£	£
Fees receivable	21,728	96,322
Prepayments and accrued income	199,259	80,182
Other debtors	6,025	43,865
	<u>227,012</u>	<u>220,369</u>

11. CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	340,749	92,697
Other taxes and social security costs	119,228	110,958
Other creditors	138,562	159,586
Accruals and deferred income	503,310	532,332
Pupil deposits	271,750	253,000
	<u>1,373,599</u>	<u>1,148,573</u>

Deferred income of £16,755 relates to fees in advance (2020: £65,370).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

12. CREDITORS: Amounts falling due after one year	2021 £	2020 £
Deed of charge	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

As part of the agreement to gift a 999-year lease in 2003 of the School premises, the lessor created a soft loan by way of a Deed of Charge.

The loan is interest free and non-repayable except by mutual agreement unless and until either a development gain arises within the first 20 years or the earlier occurrence of any mortgage foreclosure by the lessor.

13. ALLOCATION OF CHARITY NET ASSETS

The School's assets are held for the various funds as follows:

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2021 Total £
Tangible fixed assets	6,205,523	-	4,233,434	10,438,957
Investments	-	585,127	-	585,127
Net current assets	2,104,034	(40,695)	-	2,063,339
Long term liabilities	-	-	(2,000,000)	(2,000,000)
	<u>8,309,557</u>	<u>544,432</u>	<u>2,233,434</u>	<u>11,087,423</u>

COMPARATIVE ALLOCATION OF CHARITY NET ASSETS

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2020 Total £
Tangible fixed assets	5,956,002	-	4,312,599	10,268,601
Investments	-	447,245	-	447,245
Net current assets	1,904,362	3,764	-	1,908,126
Long term liabilities	-	-	(2,000,000)	(2,000,000)
	<u>7,860,364</u>	<u>451,009</u>	<u>2,312,599</u>	<u>10,623,972</u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

14. RESTRICTED FUNDS	Balance 1 August 2020 £	Income £	Expenditure £	Net Investment Gains £	Balance 31 July 2021 £
Bursary Fund	284,002	135,155	(115,677)	54,602	358,082
Scholarship Fund	165,843	3,161	(16,129)	33,475	186,350
Prize Fund	1,164	-	(1,164)	-	-
	<u>451,009</u>	<u>138,316</u>	<u>(132,970)</u>	<u>88,077</u>	<u>544,432</u>

COMPARATIVE RESTRICTED FUNDS

RESTRICTED FUNDS	Balance 1 August 2019 £	Income £	Expenditure £	Net Investment Gains £	Balance 31 July 2020 £
Bursary Fund	287,363	120,746	(116,968)	(7,139)	284,002
Scholarship Fund	185,172	18,510	(16,201)	(21,638)	165,843
Prize Fund	1,149	15	-	-	1,164
	<u>473,684</u>	<u>139,271</u>	<u>(133,169)</u>	<u>(28,777)</u>	<u>451,009</u>

Restricted funds are employed as follows: -

Bursary Fund: Used for the provision of fee assistance.

Scholarship Fund: Used for scholarships awarded to students.

Prize Fund: Used in recognition of pupils' achievements within the School.

Unrestricted funds are used in the day to day running of the School.

Endowed funds constitute an expendable endowment for the 999-year lease of the School land and buildings.

15. FINANCIAL COMMITMENTS

At 31 July 2021 the School had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2021 £	2020 £	2021 £	2020 £
Within 1 year	70,000	70,000	138,874	130,611
Between 1 and 5 years	280,000	280,000	191,244	197,779
Greater than five years	<u>68,320,000</u>	<u>68,390,000</u>	<u>20,263</u>	<u>-</u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

16. CAPITAL COMMITMENTS

At 31 July 2021 the School had outstanding contractual commitments for capital expenditure of £1,013,585 (2020: £nil).

17. CONTINGENT LIABILITIES

Under the terms of the lease of the School premises, in the event of a development gain arising, the lessor is entitled to an additional sum of 20% of the net gain if it arises within the perpetuity period of 20 years from the date of release of the principal charge referred to in Note 12.

18. PENSION SCHEME

The School participated in the Teachers' Pension Scheme ("the TPS") for its teaching staff until 31 August 2020. The pension charge for the year includes contributions payable to the TPS of £61,821 (2020: £723,845) and at the year-end £nil (2020 - £90,121) was accrued in respect of contributions to this scheme.

Following consultation with staff, the School left the scheme on 30 August 2020. The School joined the Aviva Pension Scheme for Independent Schools (APTIS) from 1 September 2020.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2020, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2020. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68% of salary.

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 2020. 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 2020 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. A consultation was launched by the government on 16 July 2021, and closed to responses on 11 October 2021.

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 2020 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

THE FARNBOROUGH HILL TRUST**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 JULY 2021****18. PENSION OBLIGATIONS (continued)**

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 consultation and the cost cap mechanism review are 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.

Defined Contribution Schemes

The School also runs a defined contribution scheme for its non-teaching staff. The School's contributions to the scheme during the year ended 31 July 2021 were £71,008 (2020: £75,002) and at the year-end £7,117 (2020: £7,672) was accrued in respect of contributions to the scheme.

The School joined APTIS from 1 September 2020 for teaching staff. The School's contributions to the scheme during the year ended 31 July 2021 were £478,417 (2020: £nil) and at the year-end £72,096 (2020: nil) was accrued in respect of contributions to the scheme.

19. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2021 £	2020 £
Net movement in funds	463,453	102,023
Depreciation	217,335	216,596
Increase in debtors	(6,644)	(3,006)
Increase in creditors	225,026	164,768
(Gain) / loss on investment	(88,077)	28,777
Net cash inflow from operations	<u>811,093</u>	<u>509,158</u>

20. ANALYSIS OF CHANGES IN NET DEBT	2020 £	Change in Year £	2021 £
Cash at bank	<u>2,836,330</u>	<u>373,596</u>	<u>3,209,926</u>

21. RELATED PARTIES

There were no related party transactions in the year (2020: none).

22. TAXATION

The School is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2021

23. STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE

INCOME FROM:	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2020 £
Charitable activities					
School fees	4	7,531,664	-	-	7,531,664
Ancillary trading	2	363,125	-	-	363,125
Voluntary sources					
Donations		-	130,000	-	130,000
Charitable trading – rental income		24,261	-	-	24,261
Investment income	3	7,741	9,271	-	17,012
Other income		129,075	-	-	129,075
Total Income		<u>8,055,866</u>	<u>139,271</u>	<u>-</u>	<u>8,195,137</u>
EXPENDITURE ON:					
Raising funds					
Financing costs		(42,914)	-	-	(42,914)
Investment management		-	3,169	-	3,169
		<u>(42,914)</u>	<u>3,169</u>	<u>-</u>	<u>(39,745)</u>
Charitable activities:					
School operating costs:					
Teaching		5,143,144	-	-	5,143,144
Welfare		33,446	-	-	33,446
Premises		1,333,183	-	79,161	1,412,344
Support costs of schooling		893,035	-	-	893,035
Catering, travel and other recharges		491,561	-	-	491,561
Grants, awards and prizes	4b	-	130,000	-	130,000
Total expenditure	5	<u>7,851,455</u>	<u>133,169</u>	<u>79,161</u>	<u>8,063,785</u>
Net income before investment gains	7	204,411	6,102	(79,161)	131,352
Investment loss		-	(28,777)	-	(28,777)
NET MOVEMENT IN FUNDS		<u>204,411</u>	<u>(22,675)</u>	<u>(79,161)</u>	<u>102,575</u>
Fund balances at 1 August		<u>7,655,953</u>	<u>473,684</u>	<u>2,391,760</u>	<u>10,521,397</u>
Fund balances at 31 July		<u><u>7,860,364</u></u>	<u><u>451,009</u></u>	<u><u>2,312,599</u></u>	<u><u>10,623,972</u></u>