

THE FARNBOROUGH HILL TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

Company Number: 2941378
Charity Number: 1039443

THE FARNBOROUGH HILL TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 JULY 2022

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

Mr G J McCormack *#
Miss H Griffiths #
Mr M Bernard #
Mrs A Berry #
Dr C Chadwick #
Mr C Fowler-Tutt *+
Dr G Huxford # Appointed 2 December 2021
Miss N Hills *
Mrs J L Micklethwaite #
Dr H Patel * Appointed 2 December 2021
Mr P Smith *

- * 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
Mr J B Hull
Mrs C E Hamilton

The Head:	Ms A Callaghan BA (Hons) MA PGCE
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 2022

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 2022.

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 prevail.

Governing Body

The Governors who served during the year and to the date of this report are shown on page 1.

The governing documents require that the Board of Governors should consist predominantly of Roman Catholics. It should consist of not less than five and not more than fifteen Governors. The 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 as are the Governors' regular "Learning Walks" to observe the school in action.

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.

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2022

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 reassess and deliver a broad curriculum.
- b. To maintain healthy recruitment specifically into Year 7 and the Sixth Form and generally throughout the school years.
- c. To minimise the risk of spread of Covid-19.
- d. To develop a comprehensive Estate Decarbonisation Plan.
- e. To build closer links with the wider Farnborough Hill community

Strategies to achieve the year's objectives

Strategies employed to achieve the above objectives include:

- a. SLT to review the current curriculum and adjust to meet changing needs to educate the whole person in today's educational climate.
- b. Review, update and implement the admissions and marketing plan under the new Director of Admissions guidance.
- c. Proactive and detailed project management of the School's estate.
- d. 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.
- f. Putting in place a strategy to more closely involve the wider Farnborough Hill community, past and present.

STRATEGIC REPORT

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

ISI Inspection

In March 2022 we had our ISI Focussed Compliance and Quality of Education Inspection visit.

This was a detailed inspection of all aspects of school, both in terms of regulatory compliance and assessing the standard of education experienced at Farnborough Hill.

We were judged to be "Excellent" in all areas of educational provision and entirely compliant. This was a superb validation of all we do at Farnborough hill, each and every day.

A level Headlines

- In a cohort of 35 students, 1 pupil achieved straight A*s; 1 Pupil got 3 A*s and an A (which included A Level Russian from June 2021), 6 achieved 2A* and 1 A, 8 achieved 2 A*s, 16 achieved all A* and A in 3 subjects. The average grade in the cohort was a grade A
- The percentage of A*-B (92.5%) is the highest since 2010 when A*s were introduced, excepting 2020
- Economics, Geography, Music, Latin and RE achieved all A*s and As

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2022

- 20 pupils also completed the EPQ, receiving results in January 2022. 11 pupils achieved A*s, 4 pupils achieved As, 3 pupils achieved Bs and 1 pupil achieved a C. Topics ranged from the rights of parents to refusing immunisation, through the impact of conspiracy theories and the role of women in Ancient Rome. 1 Pupil achieved a Merit in her Level 3 Certificate for Food Science and Nutrition
- 86% gained access to their top choice university. 61% of destinations are Russell Group universities. The School was ranked 48th in the Daily Telegraph League Table of 'Best UK private schools by A-level results.'

GCSE Headlines

- 30% of grades were A* equivalent (Grades 9 and 8); 49% were graded 9-7
- 1 pupil achieved all Grade 9s
- 10 pupils achieved all Grades 9 and 8
- 1 pupil achieved a Grade 8 in Further Maths; 1 pupil (Year 10) achieved a Grade 9 in Russian, sat this year; another pupil achieved a Grade 9 in Russian, sat in 2021
- Expressive and Creative Arts: Music, Drama, DT, Art averaged over a grade A (grade 7) (7.19)
- Music (88%), Geography (72%), DT (75%), History (74%) performed very strongly on a Grade 9-7 metric
- History, Geography, Latin, Greek and Physics all averaged above a grade A (grade 7) (7.17)
- 59 Year 9 pupils completed Level 1 and 2 Projects, all achieving the highest grades.

Digital Infrastructure

The School's IT support continues to be outsourced to CST and whilst we have been happy with their front-line support for their staff on site, we have been in communication with the CEO of CST to discuss further development of the service and the strategic roadmap.

We have recently received the latest draft of our updated roadmap from CST, produced in conjunction with the Director of Digital Infrastructure and this suggests a number of enhancements to our software and infrastructure for us to consider over the coming months including further network upgrades, changes to our telephony solution and IT solutions to enhance our site security and visitor management.

The upgrade to the School's wireless infrastructure scheduled for summer 2022 was unfortunately delayed due to supply chain constraints and has been subject to an increase in cost. However, the hardware has now been ordered and we are currently planning its deployment, with it expected to be in place by September 2023 at the latest. In the meantime, our existing wireless infrastructure has been reconfigured by CST to ensure that it can cope with our increased requirements following the deployment of 1:1 iPads in Years 7 and 8.

The iPads for Years 7, 8 and 9 pupils were successfully deployed earlier this term and both parents and pupils have responded positively to the change to school owned devices and the benefits that this brings from both an administration and classroom management perspective. We have also refitted the Music Department with new iMacs replacing those that were originally implemented when the building was completed in 2013. The new iMacs will future proof the Music Suite and will have a minimum five-year life span.

Curriculum and School Life

The curriculum 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. All pupils in Years 7 and 8 study two Modern Foreign Languages and later on, in Year 9, have the choice of continuing with one or two languages including Latin.

Our curriculum has been developed this year by our decision to ensure 10% of curriculum time in Years 7 - 11, and 5% in Sixth Form, is spent on RE. This has allowed for an expanded RE curriculum, and opportunities for a wider range of topics and experiences, as well as valuable changes further afield, such as making both History and Geography optional subjects in Year 9, thereby giving pupils more choice in their learning.

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2022

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. All pupils participate in weekly PE lessons and RE initiatives.

The sixth formers have greatly benefitted from our much anticipated and much delayed Lafosse Sixth Form Centre, named in honour of the founder of The RCE religious order, Louis Lafosse. This million-pound plus build is both a collaborative work space, capable of housing the whole Sixth Form, and also a place for relaxation and informality, complete with kitchen facilities.

Development plans go on apace and much remedial work has been completed including refurbishments of elevations, replacement of windows and work to boiler rooms.

We are keen to deliver on the four pillars of our five-year vision which includes a pillar to create inspiring spaces. We are working with external consultants to create a look that has a high pedagogical pedigree to plan and then fit out classrooms and other spaces in school that are true to our aims and brands.

The Old Girls' network has remained supportive and connected to the School, supporting current pupils through careers initiatives and individual mentoring programmes.

In line with the School's aim to develop a coaching approach widely amongst staff to staff, and staff to pupil engagements, coaching training has been rolled out through staff training, and a self-selecting group of teachers under our coaching co-ordinator who is developing this as a key element in our accompaniment of pupils. 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 the problems.

As part of our strategy, the School has empowered Middle Leaders. During 2021 CareerWell, independent Career and Talent Management specialists, were engaged to co-design and deliver a Middle Leadership Programme for Farnborough Hill. Using insights and outputs from our own strategic vision coupled with CareerWell's extensive experience and thought leadership, a blend of bespoke content and curated pedagogy-approaches was created to link experiential activity that drives new behaviours with proven and practical learning.

- The objectives of the leadership development programme, which commenced in September 2021, were:
 - Inspire a shared vision for the future and deliver on Farnborough Hill's goals, adopting good practice in the leadership and management of teams
 - Ability to lead people through change and support the wellbeing of staff as well as developing others, introducing agile ways of working
 - Build trust in their roles as leaders
 - Create an empowered organisational environment – drive continuous improvement
 - Achieve a greater understanding of each other and demonstrate higher levels of collaboration and trust across functions
 - Signal and model the behaviours and attitudes consistent with Farnborough Hills' goals and objectives

A questionnaire was completed by participants after the final module in early October and which showed an average overall satisfaction rating of 4.34 out of 5, with 100% of respondents positively rating 'strongly agreeing/agreeing' across all aspects of the programme.

Self-reported pre and post measures of competence and confidence increased from 74% before the Middle Leadership Development Programme, to 85% afterwards.

Two, separate three-hour Senior Leadership Team focus group sessions with expert facilitation by CareerWell, designed to create a safe space and dynamic environment to enable the senior team to discuss periodic feedback reports from the cohort, to identify and understand any potential risks or mis-alignment and to make informed choices and refine action to ensure our strategic goals are met.

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2022

School Development

A new more comprehensive two-year School Development Plan is currently being created. The four key pillars are the foundations of all development namely:

- Have a connected community made up of dynamic and inspired staff and pupils
- Unleash the power and potential of all
- Develop innovative spaces
- Have a more sustainable and balanced, earth-friendly environment

And every element of school life is included as we seek to collaboratively build upon where we are and grow as a community.

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 particularly in the first part of the academic year. Furthermore, 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 £11,000 for good causes in addition to non-monetary donations through food and clothing to local charities assisting families in need.

There were 50 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 27th 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 563 pupils. The anticipated roll for 2023 and thereafter is good and the Governors are confident that the School can continue to maintain numbers comfortably in excess of any 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 of fees and a number of minor scholarships worth one tenth of fees. One of the major scholarships is available only to a Roman Catholic pupil but the remainder are completely unrestricted.

Each year there are also two Music, two Sports and two Art Scholarship awards on offer at Year 7, each worth one fifth of fees. A number of scholarships of up to £3,000 each 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 which this year, as in 2021 totalled £130,000. These are of immense help in maintaining the Objects and Policy of the School and also in assisting Catholic pupils to attend Farnborough Hill when parents could not otherwise afford the fees. In a further act of generosity £36,616 has been received in the year which will be put to similarly appropriate use.

Grant Making Policy

This year the total value of bursaries, scholarships and prizes made to the School's pupils amounted to £584,021 (2021: £695,939). This included a total of £130,000 (2021: £130,000) from restricted funds, comprising bursaries £115,000 (2021: £115,000) and scholarships £15,000 (2021: £15,000).

THE FARNBOROUGH HILL TRUST

GOVERNORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2022

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 2022, the total funds of the School were £13,609,763 which included restricted funds of £526,565 and unrestricted funds of £7,676,698 – 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. As noted earlier, the School successfully completed the £1.2m building and furnishing of the Las Fosse sixth form centre. 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, successfully in the past, to steadily build up the School's reserves over time from modest annual operating surpluses.

As explained in note 20 the financial statements include two prior year adjustment amounts, the first removes a long term creditor of £2,000,000 and discloses it as a contingent liability as there is no probability at this time that the liability will crystallise; and secondly to correct a misclassification of accumulated depreciation between endowed and unrestricted funds.

At the end of the financial year the level of freely available reserves, represented by net current assets stood at £1,872,617 (2021: £2,063,339). Unrestricted fund operating costs currently amount to £8,408,865 (2021: £7,940,508) per annum.

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

The value of the restricted funds at the end of the year is £526,565 (2021: £544,432). The actual surplus of unrestricted funds over the year's activities was £545,707 (2021: £449,193).

The School is entirely self-supporting and its funds have been carefully built up over the past 27 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. The fact that there are no related party transactions is 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 documents, the Charity has delegated the management of its investment portfolio to a specialist adviser who has been instructed 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 £10,513 (2021: £8,316) and the market value at the year-end is £567,256 (2021: £585,127), 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 years of the pandemic. Fundraising normally focusses on securing grants and donations from government bodies, registered charities, business links and parents, but not so far from alumni. However, this latter potential source is an area under active consideration. 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 2022

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 plans are 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 is then considered for inclusion in in year forecasts and following year budgets.
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 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 2022

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 year. 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.

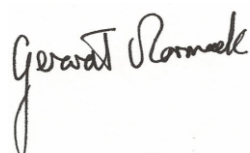
So far as each of the Governors is aware up to the time this report is approved:

- 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 1 December 2022 and signed on its behalf by



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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (which includes the 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

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

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: 11 January 2023

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 2022

INCOME FROM:	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2022 £	Total 2021 £
Charitable activities						
School fees	4a	8,302,467	-	-	8,302,467	7,934,054
Ancillary trading	2	529,504	-	-	529,504	295,399
Voluntary sources						
Donations		-	130,000	-	130,000	130,000
Charitable trading – rental income		50,731	-	-	50,731	28,551
Investment income	3	1,520	10,513	-	12,033	8,668
Other income		70,350	-	-	70,350	131,345
Total Income		<u>8,954,572</u>	<u>140,513</u>	<u>-</u>	<u>9,095,085</u>	<u>8,528,017</u>
EXPENDITURE ON:						
Raising funds						
Financing costs		(16,114)	-	-	(16,114)	24,416
Investment management		-	3,352	-	3,352	2,970
		<u>(16,114)</u>	<u>3,352</u>	<u>-</u>	<u>(12,762)</u>	<u>27,386</u>
Charitable activities:						
School operating costs:						
Teaching		5,367,311	-	-	5,367,311	5,132,525
Welfare		35,634	-	-	35,634	33,788
Premises		1,648,052	-	5,500	1,653,552	1,530,230
Support costs of schooling		783,940	-	-	783,940	889,755
Catering, travel and other recharges		590,042	-	-	590,042	408,959
Grants, awards and prizes	4b	-	130,000	-	130,000	130,000
Total expenditure	5	<u>8,408,865</u>	<u>133,352</u>	<u>5,500</u>	<u>8,547,717</u>	<u>8,152,643</u>
Net income before investment gains	7	545,707	7,161	(5,500)	547,368	375,374
Investment gain/(loss)		-	(25,028)	-	(25,028)	88,077
NET MOVEMENT IN FUNDS		<u>545,707</u>	<u>(17,867)</u>	<u>(5,500)</u>	<u>522,340</u>	<u>463,451</u>
Fund balances at 1 August (as previously stated)		8,309,557	544,432	2,233,434	11,087,423	10,623,972
Prior year adjustments	20	(1,178,566)	-	3,178,566	2,000,000	2,000,000
Fund balances at 1 August (as restated)		<u>7,130,991</u>	<u>544,432</u>	<u>5,412,000</u>	<u>13,087,423</u>	<u>12,623,972</u>
Fund balances at 31 July		<u>7,676,698</u>	<u>526,565</u>	<u>5,406,500</u>	<u>13,609,763</u>	<u>13,087,423</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 2021 are shown in note 23.

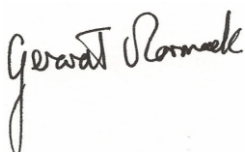
The notes on pages 16 to 30 form part of these financial statements.

BALANCE SHEET

AT 31 JULY 2022

		2022		2021 (as restated)	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8	11,169,890		10,438,957	
Investments	9	567,256		585,127	
			11,737,146		11,024,084
CURRENT ASSETS					
Debtors	10	229,282		227,012	
Cash at bank		2,992,547		3,209,926	
		3,221,829		3,436,938	
CREDITORS: Amounts falling due within one year	11	(1,349,212)		(1,373,599)	
NET CURRENT ASSETS			1,872,617		2,063,339
NET ASSETS	12		13,609,763		13,087,423
FUNDS					
Restricted funds	13		526,565		544,432
Endowed funds (restated)	12		5,406,500		5,412,000
Unrestricted funds	12		7,676,698		7,130,991
TOTAL FUNDS	12		13,609,763		13,087,423

The financial statements were approved and authorised for issue by the Board on 1 December 2022 and were signed below on its behalf by:



G J McCormack
CHAIR

The notes on pages 16 to 30 form part of these financial statements.

THE FARNBOROUGH HILL TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2022

	Notes	£	2022	£	£	2021	£
NET CASH FLOWS FROM OPERATING ACTIVITIES	18			844,525			802,425
CASH FLOWS FROM INVESTING ACTIVITIES							
Payment for tangible assets		(1,088,801)			(387,691)		
Proceeds from sale of tangible fixed assets		22,021			-		
Investment income		12,033			8,668		
Investment additions and movement in cash awaiting investment		(423,951)			(385,668)		
Proceeds from sale of investments		416,794			335,862		
NET CASH USED IN INVESTING ACTIVITIES				(1,061,904)			(428,829)
Change in cash and cash equivalents in the reporting period				(217,379)			373,596
Cash and cash equivalents at the beginning of period				3,209,926			2,836,330
CASH AND CASH EQUIVALENTS AT THE END OF REPORTING PERIOD				2,992,547			3,209,926

The notes on pages 16 to 30 form part of these financial statements.

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

1. ACCOUNTING POLICIES

Charity information

The School is a Public Benefit Entity registered in England and Wales as a charity 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) – second edition effective 1 January 2019.

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, the Governors also consider it appropriate 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 affects 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 2022

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 2022

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 depreciated 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 Deed of Charge principal 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. As a result of the Prior Year Adjustment set out in note 20, the Deed of Charge principal deduction has been reversed.

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 2021. 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 2022

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	2022 £	2021 £
Catering	235,584	101,368
Coaches	185,565	140,618
Trips	40,194	1,683
Other	68,161	51,730
	<u>529,504</u>	<u>295,399</u>
All ancillary trading income is unrestricted in both years.		
3. INVESTMENT INCOME	2022 £	2021 £
School bank interest	1,520	352
Restricted fund bank and other interest	-	-
Restricted fund investment income	10,513	8,316
	<u>12,033</u>	<u>8,668</u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

4. SCHOOL FEES	2022 £	2021 £
a) School fees comprised:		
School fees	8,891,741	8,645,282
Registration fees	18,800	18,700
Retained deposits	4,500	2,423
	<u>8,915,041</u>	<u>8,666,405</u>
Less: Bursaries, grants and allowances	(742,574)	(862,351)
	<u>8,172,467</u>	<u>7,804,054</u>
 Scholarships and grants paid for by Restricted Funds	 130,000	 130,000
	<u>8,302,467</u>	<u>7,934,054</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 136 pupils (2021: 143).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

5. ANALYSIS OF EXPENDITURE

	Staff £	Other £	Depreciation £	2022 Total £
Cost of generating funds:				
Financing costs	-	(16,114)	-	(16,114)
Investment management	-	3,352	-	3,352
	-	(12,762)	-	(12,762)
Charitable activities:				
School operating costs:				
Teaching costs	4,590,451	607,887	168,973	5,367,311
Welfare	32,330	3,304	-	35,634
Premises	401,703	1,084,975	166,874	1,653,552
Support costs	618,095	165,845	-	783,940
Catering, travel and other recharges	117,694	472,348	-	590,042
Grants and prizes	-	130,000	-	130,000
	<u>5,760,273</u>	<u>2,451,597</u>	<u>335,847</u>	<u>8,547,717</u>

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

	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
	<u>5,768,216</u>	<u>2,167,092</u>	<u>217,335</u>	<u>8,152,643</u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

5. ANALYSIS OF EXPENDITURE (continued)

Other support costs of schooling comprise

	2022	2021
	£	£
Stationery, equipment and computers	31,656	34,825
Postage and telephone	10,150	13,487
Advertising & marketing	62,189	65,775
Professional fees	20,941	42,129
Subscriptions	19,415	18,489
Governance	20,040	22,834
Other	1,454	365
	<u>165,845</u>	<u>197,904</u>

Governance costs includes

	2022	2021
	£	£
Audit	20,040	20,040
Additional fees in relation to the prior year audit	-	2,794
	<u>20,040</u>	<u>22,834</u>

6. Staff costs

Remuneration	4,639,019	4,668,904
Social security costs	494,139	486,836
Pension contributions	627,115	612,476
	<u>5,760,273</u>	<u>5,768,216</u>

The average number of employees for the year was 79 full time (2021: 82) and 60 part time (2021: 52) of which 60 full time (2021: 61) and 23 part time (2021: 23) were teaching staff. Included within the remuneration figure is £nil relating to termination payments (2021: £66,333).

The total employee benefits of the key management personnel and the School were £691,919 (2021: £701,395).

	No.	No.
The number of employees whose emoluments exceeded £60,000 were:		
£60,000 - £70,000	3	2
£70,000 - £80,000	2	2
£80,000 - £90,000	1	1
£90,000 - £100,000	-	-
£100,000 - £110,000	1	1
	<u>7</u>	<u>6</u>

All of these higher paid employees (2021: all) are accruing retirement benefits under the defined contribution scheme. Contributions totalled £77,025 (2021: £68,882).

No governors, or any person connected with them, received any remuneration during the year. Expenses for travel and training reimbursed to 3 governors (2021: 9) amounted to £695 (2021: £290).

General insurance expense includes professional indemnity and governors liability insurance for a premium of £411 (2021: £360).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

7. NET MOVEMENT IN FUNDS

	2022 £	2021 £
Net movement in funds is stated after charging:		
Auditors' remuneration		
- for audit	20,040	20,040
- in relation to prior year	-	2,794
Operating lease rental expenditure	209,544	218,856
Depreciation	335,847	217,355

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 2021	5,500,000	7,527,744	1,186,716	524,928	14,739,388
Additions	-	939,506	102,338	46,957	1,088,801
Disposals	-	-	(383,516)	-	(383,516)
At 31 July 2022	5,500,000	8,467,250	905,538	571,885	15,444,673
Depreciation					
At 1 August 2021 (as restated, see note 21)	88,000	2,792,648	1,070,874	348,909	4,300,431
Charge for the year	5,500	148,389	29,870	152,088	335,847
Released on disposals	-	-	(361,495)	-	(361,495)
At 31 July 2022	93,500	2,941,037	739,249	500,997	4,274,783
Net Book Value					
At 31 July 2022	5,406,500	5,526,213	166,289	70,888	11,169,890
At 31 July 2021 (as restated)	5,412,000	4,735,096	115,842	176,019	10,438,957

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	
	2022 £	2021 £	2022 £	2021 £
Listed investments	553,917	578,997	390,603	427,986
Cash awaiting reinvestment	13,339	6,130	13,339	6,130
	567,256	585,127	403,942	434,116

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

9. INVESTMENTS – RESTRICTED FUNDS (continued)

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

	2022 £	2021 £
UK	157,434	238,130
Overseas	396,483	340,867
Cash: UK	13,339	6,130
	<u>567,256</u>	<u>585,127</u>
	2022 £	2021 £
Market value at 1 August	585,127	447,245
Additions and movements in cash awaiting reinvestment	423,951	389,414
Disposals at opening market value	(416,794)	(339,609)
(Losses)/Gains on investments	(25,028)	88,077
	<u>567,256</u>	<u>585,127</u>
Market value at 31 July	<u>567,256</u>	<u>585,127</u>

10. DEBTORS

	2022 £	2021 £
Fees receivable	4,808	21,728
Prepayments and accrued income	214,616	199,259
Other debtors	9,858	6,025
	<u>229,282</u>	<u>227,012</u>

11. CREDITORS: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	458,546	340,749
Other taxes and social security costs	127,852	119,228
Other creditors	186,816	138,562
Accruals and deferred income	307,248	503,310
Pupil deposits	268,750	271,750
	<u>1,349,212</u>	<u>1,373,599</u>

Deferred income of £15,751 relates to fees in advance (2021: £16,755).

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

12. ALLOCATION OF CHARITY NET ASSETS

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

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	2022 Total £
Tangible fixed assets	5,763,390	-	5,406,500	11,169,890
Investments	-	567,256	-	567,256
Net current assets	1,933,308	(40,691)	-	1,872,617
	<u>7,676,698</u>	<u>526,565</u>	<u>5,406,500</u>	<u>13,609,763</u>

COMPARATIVE ALLOCATION OF CHARITY NET ASSETS (AS RESTATED)

	Unrestricted Funds (as restated) £	Restricted Funds £	Endowed Funds (as restated) £	2021 Total £
Tangible fixed assets	5,026,957	-	5,412,000	10,438,957
Investments	-	585,127	-	585,127
Net current assets	2,104,034	(40,695)	-	2,063,339
	<u>7,130,991</u>	<u>544,432</u>	<u>5,412,000</u>	<u>13,087,423</u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

13. RESTRICTED FUNDS	Balance 1 August 2021 £	Income £	Expenditure £	Net Investment Gains £	Balance 31 July 2022 £
Bursary Fund	358,082	137,459	(117,378)	(17,757)	360,406
Scholarship Fund	186,350	3,054	(15,974)	(7,271)	166,159
	<u>544,432</u>	<u>140,513</u>	<u>(133,352)</u>	<u>(25,028)</u>	<u>526,565</u>

COMPARATIVE RESTRICTED FUNDS

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>

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.

14. FINANCIAL COMMITMENTS

At 31 July 2022 the School had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£	£	£	£
Within 1 year	70,000	70,000	83,134	138,874
Between 1 and 5 years	280,000	280,000	128,354	191,244
Greater than five years	68,250,000	68,320,000	-	20,263
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

15. CAPITAL COMMITMENTS

At 31 July 2022 the School had outstanding contractual commitments for capital expenditure of £214,897 (2021: £1,013,585).

16. CONTINGENT LIABILITIES

The Trustees of The Institute of Christian Education ("ICE/the Lessor/freeholder") gifted the company a 999 year lease over the land and school buildings in 2003. The lease was professionally valued at its existing use value as a school. To protect its interests in ensuring the property continued as a school, the ICE and company also entered into a first legal charge in lieu in August 2003. While drawn up and initially accounted for as a loan with a principal of £2,000,000, it also included reference to an "Additional Sum" which would capture 20% of any market gain over existing use should the property ever be sold for development. This event would also trigger repayment of the "principal". As the land and buildings continue to be used for their existing purpose as a school, the principal sum of £2,000,000 is not repayable and there is no additional sum. As a result, no amounts have been provided in these financial statements.

17. PENSION SCHEME

The School participated in the Teachers' Pension Scheme ("the TPS") for its teaching staff until 31 August 2021. The pension charge for the year includes contributions payable to the TPS of £nil (2021: £61,821) and at the year-end £nil (2021 - £nil) was accrued in respect of contributions to this scheme.

Following consultation with staff, the School left the scheme on 31 August 2021. The School joined the Aviva Pension Scheme for Independent Schools (APTIS) from 1 September 2021.

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

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

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

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

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

17. PENSION OBLIGATIONS (continued)

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2021 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 2021, 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 2021 valuations.

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

Until the 2020 valuation is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

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 2022 were £71,425 (2021: £71,008) and at the year-end £7,288 (2021: £7,117) was accrued in respect of contributions to the scheme.

The School joined APTIS from 1 September 2021 for teaching staff. The School's contributions to the scheme during the year ended 31 July 2022 were £555,691 (2021: £478,417) and at the year-end £76,193 (2021: £72,096) was accrued in respect of contributions to the scheme.

18. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2022 £	2021 £
Net movement in funds	522,340	463,453
Depreciation	335,847	217,335
Increase in debtors	(2,270)	(6,644)
(Decrease)/increase in creditors	(24,387)	225,026
Investment income	(12,033)	(8,668)
(Gain) / loss on investment	25,028	(88,077)
Net cash inflow from operations	844,525	802,425

19. ANALYSIS OF CHANGES IN NET DEBT	2021 £	Change in Year £	2022 £
Cash at bank	3,209,926	(217,379)	2,922,547

THE FARNBOROUGH HILL TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2022

20. PRIOR YEAR ADJUSTMENT

The Governors have reviewed the legal charge during the year and as a result, the company has recorded the prior year adjustment described in note 16 and as analysed below to correct the previous understanding of the liability in this regard by derecognising the loan and increasing the endowment as the loan had been offset against this fund.

In addition, following a review of fixed assets, it was identified that there had been a misclassification of depreciation being incorrectly applied to endowed land and building assets as opposed to unrestricted leasehold buildings and property improvement assets. Therefore, an adjustment has been made to reallocate this accumulated depreciation between endowed and unrestricted assets and funds. This has also been adjusted below:

	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total Funds £
Reconciliation of funds 2021:				
Fund balances at 31 July 2021 (as previously stated)	8,309,557	544,432	2,233,434	11,087,423
Prior year adjustment loan	-	-	2,000,000	2,000,000
Prior year adjustment depreciation	(1,178,566)		1,178,566	-
Fund balances at 1 July 2021	7,130,991	544,432	5,412,000	13,087,423
Reconciliation of funds 2020:				
Fund balances at 31 July 2020 (as previously stated)	7,860,364	451,009	2,312,599	10,623,972
Prior year adjustment loan	-	-	2,000,000	2,000,000
Prior year adjustment depreciation	(1,178,566)		1,178,566	-
Fund balances at 31 July 2020	6,681,798	451,009	5,491,165	12,623,972

21. RELATED PARTIES

There were no related party transactions in the year (2021: 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 2022

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

INCOME FROM:	Notes	Unrestricted Funds £	Restricted Funds £	Endowed Funds £	Total 2021 £
Charitable activities					
School fees	4	7,934,054	-	-	7,934,054
Ancillary trading	2	295,399	-	-	295,399
Voluntary sources					
Donations		-	130,000	-	130,000
Charitable trading – rental income		28,551	-	-	28,551
Investment income	3	352	8,316	-	8,668
Other income		131,345	-	-	131,345
Total Income		<u>8,389,701</u>	<u>138,316</u>	<u>-</u>	<u>8,528,017</u>
EXPENDITURE ON:					
Raising funds					
Financing costs		24,416	-	-	24,416
Investment management		-	2,970	-	2,970
		<u>24,416</u>	<u>2,970</u>	<u>-</u>	<u>27,386</u>
Charitable activities:					
School operating costs:					
Teaching		5,132,525	-	-	5,132,525
Welfare		33,788	-	-	33,788
Premises		1,451,065	-	79,165	1,530,230
Support costs of schooling		889,755	-	-	889,755
Catering, travel and other recharges		408,959	-	-	408,959
Grants, awards and prizes	4b	-	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>
Net income before investment gains	5	449,193	5,346	(79,165)	375,374
Investment loss		-	88,077	-	88,077
NET MOVEMENT IN FUNDS		<u>449,193</u>	<u>93,423</u>	<u>(79,165)</u>	<u>463,451</u>
Fund balances at 1 August (as previously stated)		7,860,364	451,009	2,312,599	10,623,972
Prior year adjustments	20	(1,178,566)	-	3,178,566	2,000,000
Fund balances at 1 August (as restated)		<u>6,681,798</u>	<u>451,009</u>	<u>5,491,165</u>	<u>12,623,972</u>
Fund balances at 31 July (as restated)		<u><u>7,130,991</u></u>	<u><u>544,432</u></u>	<u><u>5,412,000</u></u>	<u><u>13,087,423</u></u>