

Company registered number: 04270330
Charity registered number: 1090757

PARAYHOUSE SCHOOL

(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2021

PARAYHOUSE SCHOOL

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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PARAYHOUSE SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2021

Chair of Trustee Governors	Mr J Wraith
Vice Chair of Trustee Governors	Ms D Schwartz
Board of Trustee Governors: A full list is provided on page 14 of this report	
Co-Headteachers	Ms H Bristow Ms V Carnevale
Charity number	1090757
Company number	04270330
Registered office	Hammersmith & Fulham College Gliddon Road London W14 9BL
Auditor	Haysmacintyre LLP 10 Queen Street Place London WC1A 8AG
Bankers	HSBC Bank UK plc 315 Fulham Road Chelsea London SE10 9QJ
Solicitors	Veale Wasbrough Vizards 86 Fetter Lane London EC4A 1AD

PARAYHOUSE SCHOOL

INTRODUCTORY OVERVIEW

FOR THE YEAR ENDED 31 AUGUST 2021

Parayhouse School is a non-maintained special school for students with significant speech, language and communication needs, moderate/severe learning difficulties and associated social, emotional, behavioural and medical difficulties. The school caters for students from 7-16 years of age.

Parayhouse School is committed to ensuring that each and every student reaches his or her full potential. The school delivers its mission in three essential ways:

- (1) It provides a safe and nurturing environment where students feel secure and are confident and eager to learn;
- (2) It creates a highly specialised and individualised curriculum, with speech and language at its heart, empowering students to learn; and
- (3) It establishes close working relationships between parents, carers, students and staff to support learning and behaviour at home as well as at school.

The school is governed by a registered charity, which takes the school's name, and is run by a Board of Trustee Governors. Senior leadership of the school and its staff are ultimately accountable to this Board and work closely together to actively manage the risks the school faces and help to deliver the co-Headteachers' vision and development of the school.

PARAYHOUSE SCHOOL

CHAIR OF TRUSTEE GOVERNORS' STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021



"We place the education and prospects of our students front and centre in all that we do. We are fully committed to their wellbeing and that of every member of staff."

"The experiences of the past two years give us full confidence we can rise to any challenge, thanks to the resilience and commitment of all our stakeholders."

Johnnie Wraith

A year after writing an introductory statement that focused on Parayhouse School's admirable efforts to provide the best possible education to all its pupils through the travails of Covid-19, I find myself contemplating another twelve months that have been dominated by the pandemic. The senior leadership team and all members of staff have made extraordinary and successful efforts to ensure the school has remained open throughout the past twelve months and has continued to consistently provide the care and education that each of the pupils requires and deserves.

There were occasions when positive cases meant individual members of the school community, and occasionally whole class groups, had to spend time isolating at home, but the co-heads and senior staff somehow managed to keep the school open in the most demanding and challenging of circumstances. As the wider national debate about the importance of education has repeatedly asserted, we believe the provision of face-to-face learning to all children is of paramount importance, and as the pandemic hopefully starts to recede over the coming months, we believe each and every member of our school community should feel an immense and enduring pride that Parayhouse School could not have done more to ensure its students did not miss a single day of school outside of the Government-mandated closures earlier in the crisis.

This intensely committed attitude of the staff is interwoven in every other aspect of the school's operations, and on behalf of all the Trustee Governors I would like to express our heartfelt thanks to all those who work so hard and diligently to provide the absolute best environment possible for our wonderful students. We are very fortunate to work with such a fine team of teachers, learning assistants, therapists and other staff.

The school continues to be in a healthy financial situation, and its Board of Trustee Governors remains fully committed to overseeing and protecting both the financial health of the school and every aspect of its mandated responsibilities. It is with confidence that, on behalf of the Board, I can restate this year that Parayhouse School remains well equipped to maximise the students' educational experience, to ensure the wellbeing of students and staff alike, and to cope with whatever challenges may lie ahead. We approach the future with optimism and a determination to work constantly to make our school the very best educational establishment it has the potential to be.

Johnnie Wraith
Chair of Trustee Governors

PARAYHOUSE SCHOOL

MESSAGE FROM THE CO-HEADTEACHERS

FOR THE YEAR ENDED 31 AUGUST 2021



Holly Bristow



Verity Carnevale

The year started with optimism that the worst of COVID restrictions were behind us. However, unfortunately, following the Christmas break we found the country back in lock down. Despite this set back, the school was much better prepared to overcome this unexpected hurdle and manage the various implications.

During this time we reverted to a part time provision with the students split into two groups and were able to provide a much more robust home learning provision.

Following the challenges COVID posed in the previous academic year, the school made significant improvements to its ICT resources and functionality, including the purchase of additional devices and the introduction of G Suites. This allowed us to more efficiently communicate with families, set and review work, hold secure virtual lessons and ensure that all students were able to access the provision.

Following the return to full time schooling in March, the rest of the academic year continued to be affected by high COVID cases. In spite of this we are very proud of the resilience of our staff, who supported the students with great commitment and care. Much focus was given to ensuring our students continued to access high quality learning whilst also being mindful of the emotional disruption of the continued pandemic and disruptions to their schooling. We were especially inspired by the staff-led initiative to provide a “Helping Hands” fund to families-in-need over Christmas, which was funded by our employees.

We were joined in September by 13 new students and a number of new staff members, including a new senior leader, who also serves as the school’s Assessment and Accreditation Co-ordinator. She has been an incredible asset to the school working closely with teachers and other leaders to deliver a recovery curriculum for our students, but also to push forward curriculum improvements and the introduction of ASDAN awards. These developments will be key to improving outcomes for our students going forward and have in part been reinforced by staff and parents’ feedback around their priorities for our students’ development as a result of the pandemic experience.

On site we have also been able to make progress with key areas of our School Improvement Plan, including the introduction of modernised whiteboards, which we expect should positively impact student engagement and access to a wider range of resources supporting our use of LGFL and G Suites. We have now also completed works to the “Creative Hub”, which is already being used successfully for music, art, therapy and yoga. As hoped, staff and students are providing positive feedback about the space as a more enjoyable learning environment.

PARAYHOUSE SCHOOL

MESSAGE FROM THE CO-HEADTEACHERS

FOR THE YEAR ENDED 31 AUGUST 2021

In summary, we have felt that despite the on-going challenges COVID presents to us, as a school, we are now able to sustain a high quality of learning provision and safety and wellbeing during these hurdles with more confidence and consistency. We have exciting plans for the coming year and look forward to undertaking these with our continued commitment and passion to ensuring the best for our students.

Holly Bristow & Verity Carnevale
Co-Headteachers

PARAYHOUSE SCHOOL

TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Trustee Governors' Report

The Trustee Governors (who are also directors of the charity for the purposes of the Companies Act 2006) present their report and accounts for the year ended 31 August 2021.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

Objectives and activities

Charitable Objects

The object for which the charity is established is to advance education by carrying on in Great Britain a school or schools for the public benefit at which infants, children and students may obtain education and instruction in academic, sporting, musical, cultural, scientific, technical, religious, vocational, social and commercial subjects, activities and crafts of every description. The charity provides a specialist education for students with speech, language and communication needs, moderate and severe learning difficulties and behavioural, emotional & social difficulties.

Aims of the charity

The school's primary aim is to provide a first-class education by high quality tuition and by developing sporting, artistic and social/ life skills in all its students. The school intends to provide an environment where each student can develop and fulfil his or her potential, to help build self-confidence, independence and social awareness.

The school focuses its work on preparing students with special needs for the challenges they will meet when leaving school. The school recognises that it is the development of social, language and thinking skills that enable students to express themselves, to understand and to function optimally in the world.

We also believe in the power of collaborative practice. Together, we face challenges, celebrate achievement and aspire to do our very best.

We deliver our mission in three essential ways:

- (1) We provide a safe and nurturing environment where students feel secure and are confident and eager to learn;
- (2) We create a highly specialised and individualised curriculum, with speech and language at its heart, empowering students to learn; and
- (3) We establish close working relationships between parents, carers, students and staff to support learning and behaviour.

Strategies for achieving aims and objectives

- (1) We continue to develop our current premises, which this year has included the build-out of a "Creative Hub" for art and music therapy in additional premises leased from the College. Our aim is to provide a safe, secure and nurturing learning environment for students and a welcoming and comfortable working environment for staff;
- (2) We continue to develop our leadership structure, with a key focus on providing support to the co-Headteachers from Trustee Governors and an experienced external advisor, to ensure the efficient and effective management of the school. In addition, we are focused on developing leadership opportunities further down the school, to help manage succession planning and to offer staff a route to professional development, which includes the development of a "middle management" function;

PARAYHOUSE SCHOOL

TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

- (3) We continue to develop personalised learning and assessment as a key strategy to maximise the learning opportunities and growth of all students;
- (4) We look to increase the impact of speech and language therapy across the school, with a view to achieving high standards in students' communication skills; and
- (5) We aim to build upon the current high level of Trustee Governor and parent/ carer involvement, to ensure that the co-Headteachers and staff are effectively challenged, and that parents remain key to school development.

Compliance with Charity Commission guidance

The Trustee Governors have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Staff involvement

One of the keys to the school's success is the aim to foster an engaged and highly motivated staff. By consulting staff, including more regular use of staff surveys, we endeavour to get feedback on a regular basis, not only in ways we can improve the learning experience for our students, but also to improve the well-being of staff. The senior leadership team aims to be pro-active in making sure staff are kept informed of the school's progress. We seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the school's performance.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the charity continues and that the appropriate training is arranged. It is the policy of the charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other staff.

Grant making policies

The school does not currently have a grant making policy.

Use of volunteers

Over the past two years during the Covid crisis, volunteering at the school has been much reduced, given wider restrictions. This includes temporary work placements. Nevertheless, we will look to re-establish a number of historical volunteering positions/ roles within the school as/when Covid restrictions ease.

Fundraising

Historically, aside from a short, intensive fundraising project in early 2017 to fit out a sensory room, the school has not had an organised fundraising function. In general, we have been able to maintain strong unrestricted reserves that allow us to fund specific projects and activities as they arise, as well as using restricted grants to fund specific projects. Nevertheless, as we continue to review the adequacy of our premises and put in place a detailed 3yr ICT investment plan, we are set to ring-fence some of these unrestricted reserves for these "delegated" purposes and, as such, will look to re-establish a more coherent fundraising strategy. We will look to build on previous external advice from a number of experts and establish broad short- and long-term objectives. In the short-term these are likely to be focused on applying for various grants to match-fund specific projects and activities.

PARAYHOUSE SCHOOL

TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Achievements and performance

Main Achievements

- Continued negotiation through the pandemic and the continued provision of tailored home learning and family support during lockdown;
- Student numbers remained strong at 55 secured placements;
- New member of senior leadership team with responsibility for assessment established in role offering vital support to co-Headteachers;
- Reintroduction of SOLAR assessment tool to offer a more comprehensive and bespoke method of tracking student progress;
- A review of our curriculum led to the introduction of the ASDAN certification scheme that better suits the individual development pathways of our students and offers accreditation opportunities to all learners;
- Introduction of drama therapy, supporting students experiencing emotional and mental health challenges;
- Installation of new interactive whiteboards across the school has improved student engagement, staff productivity and offers a wider range of online learning opportunities to students;
- We were delighted to be able to proceed with annual residential camps for 4 out of 5 classes - this life-skills focused trip is a valuable experience for our students;
- Moved to DBS update subscription service to further enhance safeguarding.

Criteria used to measure success

- The school has been able to maintain strong student numbers (at capacity), as well as continuing to attract high numbers of referrals and applications for places from prospective students. This reflects positively on the quality of teaching, therapy and support provided, which is helping students progress and strive to reach their full potential;
- Aside from strong initial results from applying the SOLAR assessment tool, we are encouraged by the ability of student leavers to find good post-16 provision in other schools;
- Despite some staff turnover through the challenging Covid-19 pandemic period (in particular foreign staff returning home), we generally have been able to maintain a core stable and contented staff base (reflected in survey results) and are encouraged by our ability to attract quality new staff, especially in-demand therapists, which is testament to the school's welcoming atmosphere and opportunity for staff advancement (e.g. creation of assistant head and middle management roles);
- We also place great importance on periodic OFSTED inspections, which provide an invaluable independent assessment of the school's progress;
- The charity retains a significant surplus of unrestricted funds, which provides reserves to cover unforeseen losses or required expenditures, as well as allowing the school to run budgeted short-term deficits in more volatile periods (e.g. when inflation rising rapidly and costs (wages) increasing quicker than we are able to increase fees from local authorities).

Plans for the future

In the short- to medium-term the school's leaders are focused on further improvements to the curriculum and further developing our student assessment framework to provide more timely and useful feedback to students and their parents. We continue to update and improve our ICT provision across all parts of the school (for both teaching and support functions) and recruit additional staff and improve career advancement. We are promoting one of our key teachers to an assistant head role, as well as continuing to train and advance our three current "middle managers".

In the long-term, we continue to explore the potential to expand the school, both in potentially providing a sixth class within our current pre-16 provision and potentially the creation of a post-16 provision. This would require additional space (both internally and externally), so we are exploring the potential to develop our footprint within our current setting as part of the Hammersmith & Fulham College campus, but also to assess the potential to move to a larger site elsewhere. This analysis is at an early stage and will require close cooperation and dialogue with local authorities, staff and parents.

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TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Financial Review

Review of financial position

The charity reported another strong year in terms of operating surplus (£300,539 vs. £403,810 in FY19-20), albeit bolstered by the receipt of an unexpected £128,547 DfE "maintenance grant" (within restricted funds). This grant was more than £100,000 greater than the usual such annual grant and, while we have been unable so far to ascertain the validity of the grant, we have no plans to spend that amount (we will maintain this "excess" as a liability on the balance sheet). As such, on a more comparable basis, excluding net restricted funds, the charity reported an annual surplus of £291,844 (£371,344 in FY19-20).

While lower on a year-on-year basis, it is important to note that it is still a healthy total on a historical basis and that the previous year's total was particularly distorted by the Covid crisis (much reduced operating costs as the school was closed for a large part of that year).

The overall operating surplus (of £300,539) bolstered net assets of the charity to £1,566,598 (from £1,266,059 at 31 August 2020), which is split between unrestricted reserves of £1,391,614 (2020: £1,099,770) and restricted reserves of £174,984 (2020: £166,289).

This total of unrestricted reserves is split across our bank current account and, the bulk, in a number of bank savings accounts. During the year we set up an account on the CAF Flagstone platform that allows us to allocate these savings across a wide number of individual bank savings accounts in a much more efficient manner. In the short-term, as existing external savings accounts mature, we will continue to move balances to this platform.

On the face of it, unrestricted reserves are now well in excess of the minimum reserves policy set by Trustee Governors (see below), although we are carving out a proportion into new "delegated" reserves, specifically for large potential capital expenditure on premises in the medium- to long-term and on ICT. Even so, remaining unrestricted reserves will remain above our minimum and provide a solid buffer against any unforeseen expenditure requirements. Also, these liquid assets are more than sufficient to cover the charity's current liabilities (£166,537).

As above, restricted reserves rose significantly in the year, although were largely flat year-on-year if we exclude the out-sized DfE maintenance grant. Generally, we look to spend specific grants within the financial year.

Another way of thinking about total **net** assets of £1,566,598 is to consider the charity's balance sheet, and specifically the difference between its total assets of £1,735,135, split between:-

- Tangible assets of £144,377 (incl. leasehold improvements of £130,338); plus
- Cash balances of £1,559,170 (retained annual net surpluses); plus
- Debtors – accounts receivable of £13,143; plus
- Current assets of £18,445;

And its total liabilities of £168,537 (all due within one year):-

Income generation

During the year under review unrestricted income totalled £1,813,383 (2020: £1,717,456), representing a small increase on the previous year (+5.6% YoY) and well above our budget for the year (+13.3%), with higher student fees (on higher student numbers than budgeted) and EFA DFC grant than was anticipated. Total income is mainly in the form of student fees from placing local authorities (£1,088,072, 2020: £972,335) and EFA student grants (£519,185, 2020: £649,559), with both dependent on student numbers.

PARAYHOUSE SCHOOL

TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Expenditure

The total cost of operation of the school amounted to £1,512,844, representing a significant +15.2% YoY increase on FY19-20 (£1,313,646), albeit just +1.7% above budget. As mentioned above, operating costs in the FY19-20 financial had been depressed by the full impact of the Covid crisis and as the economy opened up somewhat during the FY20-21, operating costs returned to a more normal/ expected level, including a phased return on our annual residential trip for most students. Staff costs continue to account for the large bulk of overall costs (~76% in FY20-21), with the next largest cost items being premises costs (~8% of the total), and then a drop down to capital equipment (~4%), professional fees (~2%) and staff courses (~2%), and then a further drop down to a host of smaller line items.

Historical 10 year view

£	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Net income	13,223	59,054	32,667	56,979	129,028	101,640	121,755	239,741	403,810	300,539
Fund balances	121,384	180,439	213,106	270,085	399,113	500,752	622,508	862,249	1,226,059	1,566,598
Restricted	0	0	62,839	26,634	81,837	97,569	99,283	133,823	166,289	174,984
Unrestricted	121,384	180,439	150,267	243,451	317,276	403,183	523,225	728,426	1,099,770	1,391,614
Av # students	46	46	48	42	48	45	47	56	51	55
Av # staff	27	28	35	32	31	31	33	36	35	34

Reserves policy

The school needs unrestricted reserves to:

- (1) Meet any contractual liabilities should the school be required to close;
- (2) Meet any unexpected costs such as premises moves, breakdown of machinery or staff cover;
- (3) Replace equipment as it wears out; and
- (4) Ensure the school can maintain a high quality of service.

The charity aims to maintain total unrestricted reserves at a level equivalent to at least eight months' operating costs (equivalent to two school terms) based on current annual expenditure whilst also considering the possible need for redundancy costs and to meet service level agreements (most have 3-6 month notice periods) and lease agreements in the event that the school were ever to cease trading. Also, importantly, it provides a reasonable period of time for staff to apply for alternative employment and for students to be placed in an alternative provision. It assumes that student funding ceases over the period, which might not be the case.

The Trustee Governors regularly review the level of unrestricted reserves, and as of 31st August 2021 have determined that based upon expected 2021-22 budgeted levels of expenditure, the amount of unrestricted reserves required is £725,000. Current unrestricted reserves are £1,373,482 and so comfortably exceed this minimum requirement.

As outlined above, the school is creating "delegated reserves" to cover potential investments in premises and to cover the budgeted investments in ICT over a three year period. Over time the school may add to these delegated reserve categories to cover other large multi-year expenditure projects. Nevertheless, it is important to note that these reserves form part of the total unrestricted reserves of the school, not an addition to them.

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TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Delegated reserves to cover potential investments in premises are expected to be equivalent to up to 40% of total unrestricted reserves at any one time (£560,000 based on the charity's unrestricted reserves as at end-August 2021), while, based on the latest 3Y budget, ICT investments are forecast to be equivalent to ~£120,000. It is important to note that these balances are fungible, especially in the unlikely event of the school having to close and its operations run down – part of these delegated reserves would be used to cover the minimum eight months' worth of expenditure.

Investment policy

The Trustee Governors have overall responsibility for the investment of the charity's cash balances, other unrestricted reserves and any unspent restricted reserves. In turn, this responsibility is delegated to its Finance, Leadership & Management (FLM) sub-committee to monitor on an on-going basis. This sub-committee reports to the Board of Trustee Governors on a periodic basis, including a summary of the various investments, their performance and risks.

The FLM sub-committee's primary investment objectives are:

- (1) To ensure adequate cash balances are available in an approved bank account to cover day-to-day working capital requirements of the school's operations, without the account becoming overdrawn; and
- (2) To protect the real long-term capital value of the unrestricted reserves, minimising risks and optimising returns, with due consideration taken of the flexibility and term of investments.

The committee analyses and monitors the various market risks associated with these investments on an on-going basis, with working cash balances and other unrestricted reserves distributed across potentially three main investment types, depending on the total balances at-hand:-

- (1) Bank current/ business accounts;
- (2) Savings accounts and other similar savings vehicles; and
- (3) Investment funds.

Historically, given the limited unrestricted reserves available and the low risk appetite, the majority has been placed in (1) and (2) above. As/ when these unrestricted reserves grow in value more significantly above our projected minimum requirements (see Reserves policy above), the FLM sub-committee would expect to explore options within (3) above, albeit with a focus on capital preservation and risk diversification. At this time external professional advice would be sought as a key input to any decision.

Towards the end of the financial year, the FLM sub-committee analysed the potential to manage its separate bank savings deposits through a savings platform, Flagstone Investment Management, a company endorsed by CAF and used widely by charities. This FCA-regulated entity provides a one-stop shop in terms of setting up and managing cash balances, providing access to a wide range of bank accounts and significantly reducing the administrative burden of previously setting up individual bank and building society savings deposit accounts. Having carried out due diligence, including a meeting with the company to go through our IT and data protection concerns, and proposing that no individual account balance would exceed the FSCS £85,000 insured level, the proposal was ratified by the Board of Trustee Governors in the early part of the FY20-21, with a large part of the excess unrestricted reserves transferred and managed off this platform.

Going concern

After making appropriate enquires, the Trustee Governors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. In the first instance this is based on the number of students on roll (both current and projected, given strong on-going demand for places) and their associated fees covering current and projected expenses of running the school. Beyond this, the charity's sizeable surplus funds provide more than additional comfort that the charity could cover any potential short-term deficits to continue as a going concern with no interruption to its core teaching

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TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

provision. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Principal funding

The principal funding is from local authorities, with top-up school fees in some instances from parents, plus grants from the central Education and Skills Funding Agency (ESFA).

The statement of Financial activities for the year is set out on page 21 of the financial statements. A summary of the financial results and the work by the charity is set out below.

How principal sources of funding support the key objectives of the charity

- Fees from local authorities along with fees charged to parents facilitate the day-to-day running of the school, providing resources to cover staff salaries, teaching resources (incl. books, stationery supplies, computers) and other operating overheads.
- Grants received from the ESFA provide a top-up to fees received from placing local authorities and help subsidise student fees and enable disadvantaged students with parents who would not otherwise be able to afford the school's fees to benefit from the high-quality education provided.
- The Devolved Formula Capital grant enables the purchase of classroom and IT equipment to further learning.
- The Capital Maintenance grant ensures premises are fit for purpose and remain in good repair, and enable improvements for the benefit of the pupils, such as the construction of the all-weather playing surface.
- The Sports and PE grant facilitates the purchase of sports equipment, training and attendance at sporting events to develop the sporting skills of the pupils.
- The Teachers' Pay and Teachers' Pension grants provide additional resources to build teachers' overall compensation.
- The Department of Education has set up a Covid-19 grant of £13,200, which was distributed to the school in the FY20-21.

Material Investments policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment that the Trustee Governors see fit. The Trustee Governors have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Risk Review

Risk management

The Trustee Governors are ultimately responsible for the management of the risks faced by the school. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence (based on an in-house scoring model), and identifying means of mitigating risks. A record of these is kept in a risk register, which is formally reviewed at each main Board of Trustee Governor meeting, and by the three separate sub-committees of the main Board on a periodic basis. In addition, a comprehensive list of school policies is regularly reviewed and updated for best practice, including input from an independent, third party HR firm.

As of the balance sheet date, the key risks identified by the Trustee Governors can be split across three main categories as follows:

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TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

- (1) **Strategic and reputational risks**, including, but not limited to:-
- (a) A major safeguarding or health and safety incident;
 - (b) Worsening of the Covid-19 outbreak or a new pandemic;
 - (c) Competition risk arising from new or re-purposed schools in the area;
 - (d) Loss of Chair of Trustee Governors and inability to promote or recruit a replacement;
 - (e) A breach of staff code of conduct; and
 - (f) A poor Ofsted inspection;
- (2) **Operational risks**, including, but not limited to:-
- (a) A permanent loss of premises;
 - (b) A temporary loss of premises due to fire, flood or other emergency;
 - (c) IT capability risk – out-dated/ unsupported systems causing loss of data and/or operational issue;
 - (d) Breach of GDPR or e-security; and
 - (e) Staffing issues, e.g. loss of multiple staff at one time and/or significant employment law issues;
- (3) **Financial risks**, including, but not limited to:-
- (a) Financial fraud;
 - (b) Loss of student numbers making the school's financial model unviable;
 - (c) Reserves risk – lack of sufficient funds in reserves to allow school to carry on operations for a limited time under stress; and
 - (d) Investment policy risk – capital loss by inappropriate investments of the charity's reserves.

Mitigating actions are regularly reviewed, assessed for appropriateness and updated where necessary, and with the proviso that some are a work-in-progress given the scale involved. Key strategies implemented to help mitigate some of these risks include, but are not limited to:-

- (i) Maintenance of a comprehensive set of reference policy documents;
- (ii) Continuous offering of staff and Trustee Governor training across all risk categories, as well as regular skills-gap audits;
- (iii) Access to independent, third-party specialist advice, e.g. in HR, IT, data protection (and cyber risk evaluation), insurance and property management;
- (iv) Continuing development of senior management of the school and succession planning, where relevant, and including a review of recruitment and staff retention;
- (v) Maintenance of a strong working relationship with the school's current property landlord (Hammersmith & West London College);
- (vi) Creation of a business continuity plan, including search for alternative settings required in an emergency;
- (vii) Development of a coherent and realistic fundraising strategy to help broaden the charity's resources and expand the school's offering;
- (viii) A regular review of reserves and investment policies, with strict oversight and schemes of delegation, and ultimate approval/ ratification by the main Board of Trustee Governors;
- (ix) Consistent control and forecasting of student numbers, frequent review of management accounts and budgets by an appointed school finance officer; and
- (x) Monitor and evaluate student achievement on a termly basis, provide regular training to staff and create a staff culture where peer observation, feedback and discussion about learning are commonplace.

Through the risk management process outlined above, the Trustee Governors are satisfied that the major risks identified will be adequately mitigated where necessary. It is recognised the systems can only provide reasonable, but not absolute, assurance that the major risks have been adequately managed.

The Trustee Governors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are broadly satisfied that systems and procedures

PARAYHOUSE SCHOOL

TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

are in place to mitigate our exposure to these major risks. Nevertheless, the Trustee Governors are acutely aware of the need to continually review and, where necessary, evolve these risk mitigants to enhance overall risk management. This includes working closely with the school's senior leadership team, which takes ownership of many of these mitigating actions on a day-to-day basis, as well as helping it to shape and attain key strategies on its School Improvement Plan and to draw up a longer-term vision for the school.

Structure, governance and management

Constitution

The company is a charitable company limited by guarantee and was set up by constitution in 2001. It is constituted under a Memorandum and Articles of Association dated 2001 (updated 2018) and is a registered charity (charity number 1090757). The principal objective of the company is to provide education to children. During the year 2020-21 the school averaged 55 pupils and 34 staff.

Governance structure

Trustee Governor Membership & Committees

	Appointed	Trustee Governor Type	Main Board	Committees*		
				FLM	PDBW	TLA
<u>Trustee Governors</u>						
Johnnie Wraith (Chair)	Dec-14	Parent	■	■		
Daniela Schwartz (Vice-Chair)	Jul-14	Community	■		X	
Hala Ensari	Nov-18	Parent	■		■	
Beatriz Exposito	Nov-19	Staff	■			■
Anna De Freitas (to July 2021)	Nov-19	Parent	■		■	
Michael Gallagher	Sep-19	Community	■			■
Steve Hussey	Jun-17	Parent	■	X		
Robert Linton (to January 2021)	Jan-13	Community	■			X
Helen de La Rochefoucauld (to July 2021)	Sep-19	Community	■	■		
<u>Associate members</u>						
Nick Herrtage (Real Estate Advisor)	-	External		Eo		
Wendy Coombes (Advisor)	-	External				Eo
Verity Carnevale (co-Head)	-	Staff		Eo	Eo	
Holly Bristow (co-Head)	-	Staff		Eo		Eo
Claire Huntington		Staff				Eo
Phoebe Buret	-	Staff			Eo	
Steve Williams (Finance Officer)	-	Staff		IoA		
Lorraine Morgan (Business Manager)		Staff		IoA		
Number of meetings			4	6	4	4

X Chair/ ■ Member/ Eo Ex-officio/ IoA Invited to attend

*FLM=Finance, Leadership & Management/ PDBW=Personal Development, Behaviour & Welfare/ TLA=Teaching, Learning & Assessment. [N.B. The previous separate Finance and the Leadership & Management committees were combined to form the FLM committee in January 2019.]

PARAYHOUSE SCHOOL

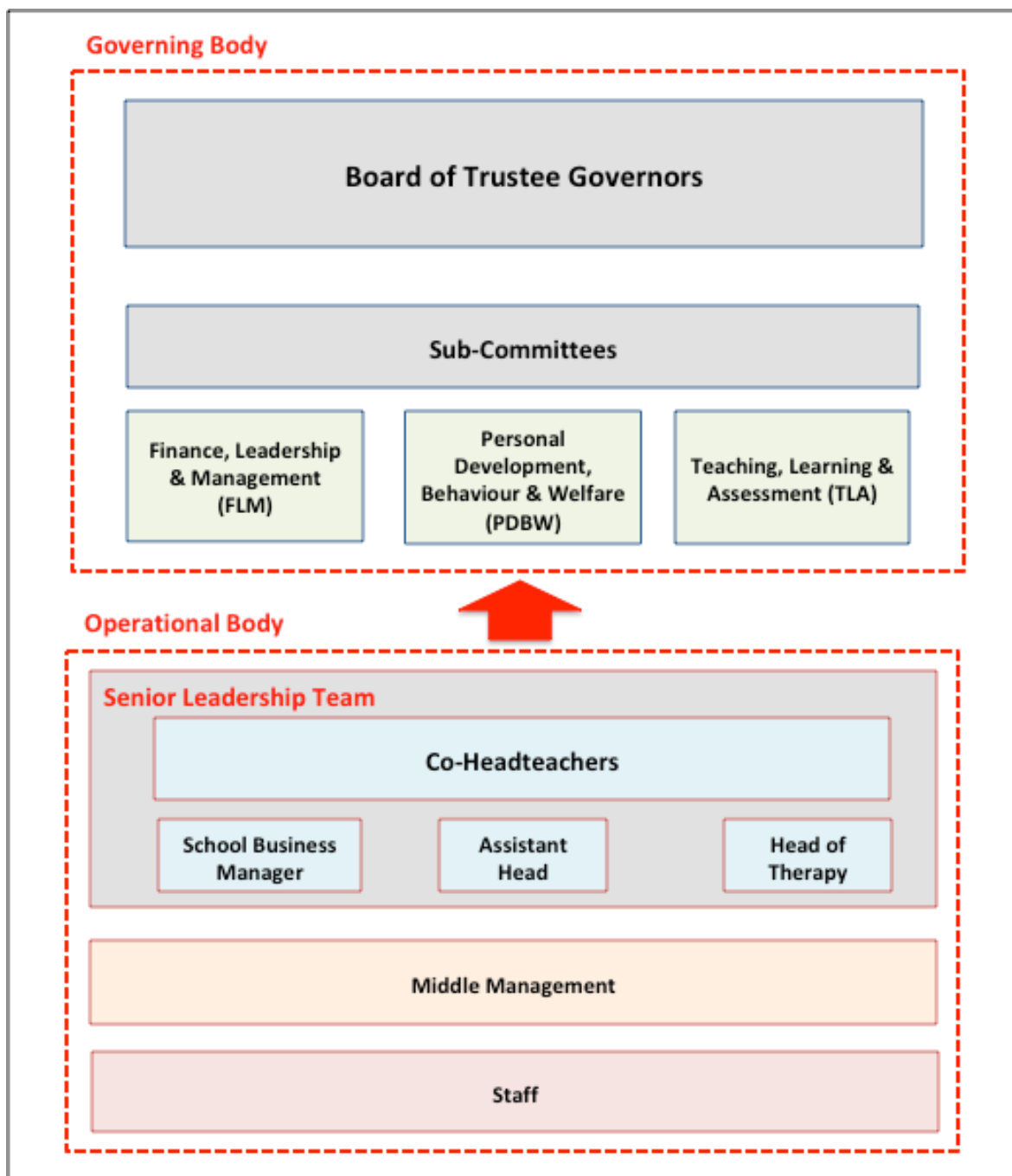
TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Management structure

The Board of Trustee Governors administers the charity. The Trustee Governors of the charity are legally responsible for the overall management and control of the school. The main Board of Trustee Governors is convened four times a year, with separate sub-committees held more often across the year.

The work of implementing their policies is carried out by the Co-Headteachers and their staff. The Co-Headteachers attend all the regular meetings of the Board of Trustee Governors (ex-officio) and its sub-committees.



PARAYHOUSE SCHOOL

TRUSTEE GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Method of appointment or election of Trustee Governors

The management of the company is the responsibility of the Trustee Governors who are elected and co-opted under the terms of the Articles of Association.

None of the Trustee Governors has any beneficial interest in the company. All of the Trustee Governors are members of the company and guarantee to contribute £10 in the event of a winding up.

Polices adopted for the induction and training of Trustee Governors

New Trustee Governors are included into the workings of the charity and the school, including Board policy and procedures, by attending a meeting as an observer and interviewing with the Co-Headteachers and separately the Chair of Trustee Governors. Training is provided for existing members to ensure that they remain fully conversant with relevant current legislation, policy and procedures. Governing documentation states that the time limit for serving on the Board of Trustee Governors is 4 years (although can be re-elected to serve a second term).

Remuneration Policy

Posts for staff are advertised in the relevant arena. Pay is based on set pay-scales, where they exist, and the experience of the candidate. Similar posts are scrutinised to ensure fair and relevant salary levels.

Group structure

The charity does not have any non-charitable subsidiary, and is not engaged in any form of trading.

Funds held as custodian

No funds are held as custodian.

Significant events after the year-end

None

SMALL COMPANY EXEMPTIONS

In preparing this report the directors have taken advantage of small company exemptions.

The Trustees report was approved by the Board of Trustee Governors.

John Wraith

Mr J Wraith
Trustee Governor
Dated: 23 August 2022

Steve Hussey

Mr S Hussey
Trustee Governor
Dated: 23 August 2022

PARAYHOUSE SCHOOL

STATEMENT OF TRUSTEE GOVERNORS' REPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The Trustee Governors (who are also the directors of Parayhouse School for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period.

In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with Companies Acts 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

Statement as to Disclosure of Information to the Auditor

The trustees at the date of approval of this trustees' annual report confirm that so far as each of them is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAYHOUSE SCHOOL

Opinion

We have audited the financial statements of Parayhouse School for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, 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 December 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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 Trustees' 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 Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAYHOUSE SCHOOL

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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, 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 Companies Act 2006, the Charities Act 2011, and UK tax law.

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 risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the recognition of income from legacies and grants. Audit procedures performed by the engagement team included:

- Inspecting 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;
- Evaluating management's controls designed to prevent and detect irregularities;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAYHOUSE SCHOOL


- Reviewing minutes of all Trustee Governor meetings during the year;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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.

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

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 Auditor

Date: 25 August 2022

10 Queen Street Place
London
EC4R 1AG

PARAYHOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING THE INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
INCOME FROM:					
Donations, legacies and grants	4	589,090	25,652	614,742	704,519
Charitable activities	5	1,116,987	-	1,116,987	972,335
Investments	6	1,711	-	1,711	2,999
Other income	7	79,943	-	79,943	37,603
Total income		<u>1,787,731</u>	<u>25,652</u>	<u>1,813,383</u>	<u>1,717,456</u>
EXPENDITURE ON:					
Charitable activities	8	<u>1,482,031</u>	<u>30,813</u>	<u>1,512,844</u>	<u>1,313,646</u>
Total expenditure		<u>1,482,031</u>	<u>30,813</u>	<u>1,512,844</u>	<u>1,313,646</u>
NET INCOME		305,700	(5,161)	300,539	403,810
Transfers between funds		-	-	-	-
NET MOVEMENT IN FUNDS		<u>305,700</u>	<u>(5,161)</u>	<u>300,539</u>	<u>403,810</u>
RECONCILIATION OF FUNDS					
Fund balances brought forward At 1 September 2020		<u>1,099,770</u>	<u>166,289</u>	<u>1,266,059</u>	<u>862,249</u>
Fund balance carried forward At 31 August 2021		<u><u>1,405,470</u></u>	<u><u>161,128</u></u>	<u><u>1,566,598</u></u>	<u><u>1,266,059</u></u>

The notes on pages 24 to 34 form part of these financial statements.

PARAYHOUSE SCHOOL**BALANCE SHEET****AT 31 AUGUST 2021**

Company Number: 05114516

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	13	144,377	130,338
CURRENT ASSETS			
Stocks	14	-	2,473
Debtors	15	31,588	28,974
Cash at bank and in hand		1,559,170	1,156,084
		<u>1,590,758</u>	<u>1,187,531</u>
CREDITORS			
Amounts falling due within one year	16	(168,537)	(49,766)
NET CURRENT ASSETS		<u>1,422,221</u>	<u>1,137,765</u>
CREDITORS			
Amounts falling due in more than one year	17	-	(2,044)
NET ASSETS		<u>1,566,598</u>	<u>1,266,059</u>
THE FUNDS OF THE CHARITY			
Restricted funds	19	161,128	166,289
Unrestricted funds		1,405,470	1,099,770
TOTAL CHARITY FUNDS		<u>1,566,598</u>	<u>1,266,059</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31st August 2020, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The Trustees responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and applications of resources including its income and expenditure for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 24 to 34 were approved by the trustees and authorised for issued and are signed on their behalf by:

*John Wraith***Mr J Wraith**

Trustee Governor

Dated: 23 August 2022

*Steve Hussey***Mr S Hussey**

Trustee Governor

Dated: 23 August 2022

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

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	300,539	403,810
Adjustments for		
Depreciation	46,452	36,642
Investment income	(1,711)	(2,999)
Decrease in stocks	2,473	1,187
Increase/decrease in debtors	(2,614)	(25,611)
Increase/decrease in creditors	116,727	(10,945)
Net cash used in operating activities	<u>461,866</u>	<u>402,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	1,711	2,999
Purchase of tangible assets	(60,491)	(10,692)
Sale of tangible fixed assets	-	331
Net cash (used in)/provided by investing activities	<u>(58,780)</u>	<u>(7,362)</u>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	403,086	(38,077)
Cash and cash equivalents at the beginning of the reporting period	1,156,084	799,439
Cash and cash equivalents at the end of the reporting period	<u><u>1,559,170</u></u>	<u><u>1,156,084</u></u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1. GENERAL INFORMATION

The charity (number 1090757) is limited by guarantee, incorporated in England & Wales (number 04270330), and consequently does not have share capital. Each of the Trustee Governors is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Hammersmith and Fulham College
Gliddon Road
London
W14 9BL

2. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Going concern

At the time of approving the accounts, the Trustee Governors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustee Governors continue to adopt the going concern basis of accounting in preparing the accounts.

Charitable funds

Unrestricted funds are available for use at the discretion of the Trustee Governors in furtherance of their charitable objectives unless the fund has been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met. The amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

2. ACCOUNTING POLICIES (Continued)

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Expenditure

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to activities, they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at the School Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

All pension costs and associated liabilities are allocated to unrestricted funds.

Tangible fixed assets

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to activities, they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at the School Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Leasehold improvements	10% straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	20% straight line

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

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

2. ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. -

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

Financial assets and liabilities

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets Classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost. using the effective interest rate method

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities. if payment is due within one year or less. If not, they are presented as non-current liabilities trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognized immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits. -

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(Expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability. -

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, the Trustee Governors are required to make judgements estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future period.

4. DONATIONS, LEGACIES & GRANTS

	Total 2021 £	Total 2020 £
Donations and legacies	666	6,515
Grants, including capital & government grants	614,076	698,004
	<u>614,742</u>	<u>704,519</u>

During the year, government grant funding totalled £614,076 (2020: £698,004), including Non-Maintained Special Schools funding from the Education & Skills Funding Agency, pupil premium, COVID-19 catch up funding, capital project funding, and assistance towards teachers' pay and pension costs.

5. INCOME FROM CHARITABLE ACTIVITIES

	Total 2021 £	Total 2020 £
School fees receivable	1,116,987	972,335
	<u>1,116,987</u>	<u>972,335</u>

6. INVESTMENTS

	Total 2021 £	Total 2020 £
Interest receivable and similar income	1,711	2,999
	<u>1,711</u>	<u>2,999</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

7. OTHER INCOME

	Total 2021 £	Total 2020 £
Other income	71,028	20,550
Lunch money	6,949	15,560
Excursion money	1,580	315
Uniform income	386	1,178
	<u>79,943</u>	<u>37,603</u>

8. EXPENDITURE ON CHARITABLE ACTIVITIES

	Total 2021 £	Total 2020 £
Staff costs	946,493	790,641
Depreciation	23,015	20,811
Courses	42,850	33,814
Education materials	5,818	4,116
Sport costs	5,503	2,489
Functions and outgoing	439	5,926
Other expenditure	-	9,512
Support costs	488,726	446,337
	<u>1,512,844</u>	<u>1,313,646</u>

9. SUPPORT COSTS

	Total 2021 £	Total 2020 £
Staff costs	68,154	68,154
Depreciation	23,437	15,831
School lunches	16,712	20,028
School uniform costs	2,496	2,473
Insurance	14,277	13,629
Caretaking costs	5,659	3,331
Hire of equipment	6,536	4,105
Motor costs	1,850	1,325
Rent and rates	78,339	63,056
Governance costs (see note 9)	157,111	149,164
Other expenditure	114,155	105,241
	<u>488,726</u>	<u>446,337</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

10. GOVERNANCE COSTS

	Total 2021 £	Total 2020 £
Staff costs	137,076	137,076
Auditors remuneration		
Statutory audit	13,800	7,200
Non-audit services	1,800	4,888
Accountancy fees	4,435	-
	<u>157,111</u>	<u>149,164</u>

11. RELATED PARTY TRANSACTIONS

No Trustee Governors, nor any persons connected with them, have received any remuneration from the charity during the year. Additionally, no Trustee Governors have received any reimbursed expenses or any other benefits from the charity during the year.

There were no transactions or balances with related parties during the year requiring disclosure (2020: none).

12. STAFF COSTS

	2021 £	2020 £
Staff costs for the above persons:		
Wages and salaries	1,028,188	891,880
Social security costs	90,447	77,846
Other pension costs	33,088	26,145
	<u>1,151,723</u>	<u>995,871</u>

The monthly average number of persons (including senior management team) employed by the charity during the year expressed as full-time equivalents was as follows:

Average employees in the year	<u>39</u>	<u>35</u>
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The number of employees whose emoluments fell within the following bands was:

£60,001-£70,000	<u>2</u>	<u>1</u>
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The total remuneration of the key management personnel of the charity were £232,495 (2020 - £164,849).

The remuneration increase from 2019/20 to 2020/21 relates to wages inflation and an additional new member of the Senior Leadership team.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

13. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Furniture and equipment £	Motor vehicles £	Total £
Cost:				
1 September 2020	142,328	139,321	30,172	327,636
Additions	-	60,491	-	60,491
	<u>142,328</u>	<u>199,812</u>	<u>30,172</u>	<u>388,127</u>
31 August 2021	<u>142,328</u>	<u>199,812</u>	<u>30,172</u>	<u>388,127</u>
Depreciation:				
1 September 2020	59,301	113,859	24,138	197,298
Charge for year	15,814	24,604	6,034	46,452
	<u>75,115</u>	<u>138,463</u>	<u>30,172</u>	<u>243,750</u>
31 August 2021	<u>75,115</u>	<u>138,463</u>	<u>30,172</u>	<u>243,750</u>
Net book value:				
31 August 2021	<u>83,028</u>	<u>61,349</u>	<u>-</u>	<u>144,377</u>
31 August 2020	<u>98,841</u>	<u>25,462</u>	<u>6,034</u>	<u>130,338</u>

14. STOCKS

	2021 £	2020 £
School uniforms	<u>-</u>	<u>2,473</u>

15. DEBTORS

	2021 £	2020 £
Trade debtors	13,143	22,239
Prepayments	14,403	3,764
Accrued income	-	486
Other debtors	4,042	2,485
	<u>31,588</u>	<u>28,974</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	9,401	-
Hire purchase and finance leases	2,044	6,016
Taxation and social security	30,671	23,562
Accruals	107,324	12,668
Other creditors	19,097	7,520
	<u>168,537</u>	<u>49,766</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Hire purchase and finance leases	-	2,044
	<u>-</u>	<u>2,044</u>

18. OBLIGATIONS UNDER FINANCE LEASES

	2021	2020
	£	£
Within one year	2,044	6,016
In two to five years	-	2,044
	<u>2,044</u>	<u>8,060</u>
Less finance charges allocated to future periods	-	(116)
	<u>2,044</u>	<u>7,944</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

19. RESTRICTED FUNDS

	1 September 2020 £	Income £	Expenditure £	Transfers Between Funds £	31 August 2021 £
Restricted funds					
Breakfast Club	763	-	-	-	763
Capital maintenance	115,312	19,070	(11,761)	-	122,621
Devolved Formula Capital	16,290	6,582	(2,620)	-	20,252
PE & Sports	33,924	-	(16,432)	-	17,492
	<u>166,289</u>	<u>25,652</u>	<u>(30,813)</u>		<u>161,128</u>
	1 September 2019 £	Income £	Expenditure £	Transfers Between Funds £	31 August 2020 £
Restricted funds					
Breakfast Club	-	1,000	(237)	-	763
Capital maintenance	112,355	19,070	(16,113)	-	115,312
Devolved Formula Capital	14,536	5,890	(4,136)	-	16,290
PE & Sports	6,932	29,000	(2,008)	-	33,924
	<u>133,823</u>	<u>54,960</u>	<u>(22,494)</u>		<u>166,289</u>

Breakfast club

Kellogg's Breakfast Ltd provided grants to schools to help fund Breakfast Clubs for pupils who were primarily entitled to Free School Meals/Pupil Premium. There is a clear link between students who have eaten breakfast and attendance/attainment.

Capital maintenance

Ensures premises are fit for purpose and remain in good repair, and enable improvements for the benefit of the pupils.

Devolved Formula Capital

The Devolved Formula Capital grant enables works to update infrastructure, the purchase of classroom and IT equipment to further learning.

PE & Sports

The Sports and PE grant is a DfE grant that facilitates the purchase of sports equipment, training and attendance at sporting events to develop the sporting skills of the pupils.

Teachers pay

The teachers' pay grant is a DfE grant that provides funding for schools to support the annual teachers' pay awards.

Teachers pension

The teachers' pension employer contribution grant supports schools and local authorities with the cost of the increase in employer contributions to the teachers' pension scheme.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted Funds £	TOTAL 2021 £
Tangible fixed assets	18,132	126,245	144,377
Current assets	1,542,019	48,739	1,590,758
Current liabilities	(168,537)	-	(168,537)
Non-current liabilities	-	-	-
	<u>1,391,614</u>	<u>174,984</u>	<u>1,566,598</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS – PRIOR YEAR

	Unrestricted funds £	Restricted Funds £	TOTAL 2020 £
Tangible fixed assets	5,958	124,380	130,338
Current assets	1,145,622	41,909	1,187,531
Current liabilities	(49,766)	-	(49,766)
Non-current liabilities	(2,044)	-	(2,044)
	<u>1,099,770</u>	<u>166,289</u>	<u>1,266,059</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

21. PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2020 £
INCOME FROM:			
Donations, legacies and grants	649,559	54,960	704,519
Charitable activities	972,335	-	972,335
Investments	2,999	-	2,999
Other income	37,603	-	37,603
Total income	<u>1,662,496</u>	<u>54,960</u>	<u>1,717,456</u>
EXPENDITURE ON:			
Charitable activities	1,291,152	22,494	1,313,646
Total expenditure	<u>1,291,152</u>	<u>22,494</u>	<u>1,313,646</u>
NET INCOME	<u>371,344</u>	<u>32,466</u>	<u>403,810</u>
Transfers between funds	-	-	-
NET MOVEMENT IN FUNDS	<u>371,344</u>	<u>32,466</u>	<u>403,810</u>
RECONCILIATION OF FUNDS			
Fund balances brought forward	728,426	133,823	862,249
Fund balance carried forward	<u>1,099,770</u>	<u>166,289</u>	<u>1,266,059</u>