

Charity Registration No. 1121132

Company Registration No. 06188419 (England and Wales)

HOPE HOUSE SCHOOL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

HOPE HOUSE SCHOOL LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

| | | |
|--------------------------|--|------------------------------|
| Trustees | Mr J Barrie Mr C Coen Mr B Jones | (Appointed 11 November 2020) |
| Chair | Mr B Jones | |
| Charity number | 1121132 | |
| Company number | 06188419 | |
| Registered office | Hope School Barnby Road Balderton Newark Notts NG24 3NE | |
| Auditor | Rogers Spencer Newstead House Pelham Road Nottingham NG5 1AP | |
| Senior Staff | Joanne Kiernan- Interim Headteacher | |

HOPE HOUSE SCHOOL LIMITED

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HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and financial statements for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply 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 2016).

Objectives and activities

Hope House School is a school for children and young people with Autistic Spectrum Disorders. Our Governing Document states that our objectives are: "To advance the education of people with autism and other related conditions by the provision of a school; To provide relief for siblings, parents and carers of children suffering from autism and other related conditions through advice, advocacy and practical support; To provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation for people with autism and other related conditions and their siblings, parents and carers with the object of improving their conditions of life."

The trustees are fully aware of the guidance issued by the Charity Commission regarding Public Benefit and ensure that we provide this. We have one pupil who has a scholarship with no fees from the Local Authorities;

Our school is entirely run by paid staff due to the nature of the commitment required to work with challenging pupils

Following the Charity Commission opening a statutory inquiry into Hope House School Limited on 9 October 2017, the Charity Commission appointed Guy Hollander of Mazars LLP as Interim Manager under section 76 (3) (G) of the Charities Act 2011 on 20 August 2018.

The Charity Commission remained concerned about the correct governance and administration arrangements and whether these were adequately meeting the needs of the charity. Consequently, the Interim Manager's duties were to establish the viability of the charity and to determine the most appropriate option regarding the charity's future. During the Interim Manager's term in office, the Trustees' powers were excluded.

Following the Interim Manager's investigations, he concluded that the charity was financially viable and that a governance structure could be implemented that would be satisfactory to the Charity Commission. Consequently five new potential trustees were identified and were then appointed on 25 September 2019. At the same time the three previous trustees all resigned from office. The Interim Manager will cease to act on the 24 July 2021 following an order of the Charity Commission, although the enquiry had not yet been closed.

HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review

2020 Business Review

2020 saw a significant adverse change for the school, which is the consequence of an 'inadequate' inspection judgment awarded by Ofsted following an audit conducted in February 2020. Outcomes were the closure of the residential function indefinitely, suspension of the school's clubs function and the integration of temporary external resource to support a broad turnaround programme.

While the Covid-19 pandemic led to a temporary shut-down, the school reacted strongly by implementing an effective outreach programme for its pupils, which provided continuity for pupils and meant funding from local authorities was not affected

Pupil numbers shrunk significantly over the year driven by natural wastage and prompted by the poor Ofsted judgement. In response, a team resizing exercise was undertaken in the autumn which reduced staff costs by £250k over a full year.

The school in effect down sized, which in turn has created financial pressures as the cost base due to its fixed nature cannot retract comparatively to income. As such, operations will need to be subsidised through unrestricted funds in 2021 and beyond until new pupil intake can be secured.

Income / funding

Primary income from local authorities shrunk by £80k or 6% year on year. There were no other commercial trading activities. The number of funded pupils on the roll shrunk from 25 at the start of the year to 17 pupils at the end of December. The full effect of this decline will be fully felt in 2021. A further non fee paying pupil was retained.

The fall in pupil numbers has affected the financial benefit from economies of scale and it was identified that pupil fees have remained static for a number of years and have fallen behind other comparative schools. A formal uplift request across all feeder local authorities has been submitted in 2021.

2020 Financial performance Summary

While income shrunk by 6%, expenses fell by only 3%, which is partially attributed to the fixed nature of the school's cost base and the very high labour cost element.

The efficiency benefits from a team resizing exercise undertaken in the autumn will not be felt until 2021.

It is noted that the value of year end trade debtors reduced significant from £279k in 2019 to £45k in 2020. A more robust management approach was applied to finance during the year including formal controls and processes, regular reporting and the integration of dedicated book keeping resource. A comprehensive analysis and cleansing exercise has been undertaken which has created a more solid function platform.

Unrestricted Funds

A total of £387k is carried forward into 2021 made of up a £19k 2020 surplus and further £368k carried over from 2019.

Reserves policy

It is the policy of the charity to maintain unrestricted free reserves at a sufficient level to finance three months trading. The charity has satisfied this target with free reserves amounting to £325,436 at 31 December 2020, exceeding the current monthly expenditure of £90,000 per month.

Principal source of funding

The principal source of funding is that of various Midlands-based councils, in particular Nottinghamshire and Lincolnshire County Councils.

HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Charities Commission enquiry

Following the Charity Commission's enquiry the Trustees and Company Directors were stood down. The appointment of the current Trustees and Company Directors took place in November 2019 and 2020. The trustees understand that formal investigations are now complete although are still waiting for the release of the commission's full report / outcomes. It is hoped that this enquiry and be formally closed in 2021.

Principal risks and uncertainties

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

2021 and 2022 expectation overview

The adverse effects from falling pupil numbers will be fully realised in 2021 whereby local authority income cannot carry the school's predominately fixed cost base. As such, operations will be subsidised by the fund balance carried over from 2019 and will steadily erode. 2021 full year income is budgeted to reach just under £1m which would represent a significant decline.

Pupil numbers will slide further with 15 expected to return for the 21/22 autumn term.

Operations are being subsidised by the fund balance carried over from 2019 which is steadily eroding. A worst case scenario would see funds fully depleted by July 2022 based on a pupil roll of 15. The school's Reserves policy will need to be considered.

A strategic review of the school's offer and functions has been undertaken to ensure best use of income. Whilst the formal turnaround / rebuilding journey is nearly complete, new pupil intake remains a huge barrier to move forward as local authority policy does not allow for new pupil placements within schools rated as inadequate. However, one local authority has agreed to new placements before a new Ofsted inspection, which will strength income. Assuming the school secures 3 anticipated new placements, 2022 full year income will reach just over £1m which would allow for a near breakeven scenario.

Temporary expert resource remains in place to support continued development and improvement. A formal Ofsted inspection will be requested late 2021 which assuming results in an improved judgement will pave the way new pupil intake and income.

Structure, governance and management

Hope House School is a company limited by guarantee by its Memorandum and Articles of Associations dated 26th August 2007.

Appointment of trustees

As noted above on 20 August 2018 the Charity Commission appointed an Interim Manager over Hope House School Limited by an order under section 76 (3) (G) of the Charities Act 2011, to manage the affairs of the charity and to exercise all the power and authority to the exclusion of the Trustees.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr J Barrie

Mr C Coen

Mrs M A Darnbrough

(Resigned 23 November 2020)

Mrs B A W Pointing

(Resigned 23 November 2020)

Mr B Jones

(Appointed 11 November 2020)

The Interim Manager has ceased to act.

The Trustees are guided by the Principal who advises them on the key management personnel. This included setting pay rises for the whole staff and increments for the Senior Management Team following appraisals.

HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2020*

Statement of Trustees' responsibilities

The Trustees, who are also the directors of Hope House School Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

Mr B Jones

Chair

Dated: 27 October 2021

HOPE HOUSE SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF HOPE HOUSE SCHOOL LIMITED

Opinion

We have audited the financial statements of Hope House School Limited (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 2020 and of its incoming resources and application of resources, 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 and the Charities Act 2011.

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.

Material uncertainty related to going concern

We draw your attention to Note 1.2 in the Financial Statements, which indicates that the charity faces uncertainty as a result of both Ofsted and the Charity Commission Enquiries. This indicates that material uncertainty exists that may cast doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

HOPE HOUSE SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF HOPE HOUSE SCHOOL LIMITED

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.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose 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 charity'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

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

HOPE HOUSE SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF HOPE HOUSE SCHOOL LIMITED

The extent of which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our knowledge and experience of the charity sector and grant providers;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, Charities Act 2011, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- Understanding the design of the charitable companies remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

HOPE HOUSE SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF HOPE HOUSE SCHOOL LIMITED

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Melvin Bailey (Senior Statutory Auditor)
for and on behalf of Rogers Spencer

28 October 2021

Chartered Accountants
Statutory Auditor

Newstead House
Pelham Road
Nottingham
NG5 1AP

Rogers Spencer is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

HOPE HOUSE SCHOOL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Unrestricted funds | |
|---|-------|-----------------------|-----------------------|
| | Notes | 2020 £ | 2019 £ |
| <u>Income from:</u> | | | |
| Donations and legacies | 3 | 5,359 | 1,644 |
| Charitable activities | 4 | 1,359,073 | 1,439,329 |
| Other trading activities | 5 | - | 3,165 |
| Investments | 6 | 60 | 746 |
| Total income | | <u>1,364,492</u> | <u>1,444,884</u> |
| <u>Expenditure on:</u> | | | |
| Charitable activities | 7 | <u>1,339,635</u> | <u>1,384,669</u> |
| Mr M Westmoreland - expenditure in earlier years | 11 | - | (1,034) |
| Finance interest | 12 | <u>6,060</u> | <u>4,782</u> |
| Total resources expended | | <u>1,345,695</u> | <u>1,388,417</u> |
| Net income for the year/ Net movement in funds | | 18,797 | 56,467 |
| Fund balances at 1 January 2020 | | <u>368,177</u> | <u>311,710</u> |
| Fund balances at 31 December 2020 | | <u><u>386,974</u></u> | <u><u>368,177</u></u> |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

HOPE HOUSE SCHOOL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|------------------|----------------|------------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 67,135 | | 85,750 |
| Current assets | | | | | |
| Debtors | 14 | 62,508 | | 278,766 | |
| Cash at bank and in hand | | 652,210 | | 217,209 | |
| | | <u>714,718</u> | | <u>495,975</u> | |
| Creditors: amounts falling due within one year | 16 | <u>(389,282)</u> | | <u>(190,058)</u> | |
| Net current assets | | | 325,436 | | 305,917 |
| Total assets less current liabilities | | | 392,571 | | 391,667 |
| Creditors: amounts falling due after more than one year | 17 | | (5,597) | | (23,490) |
| Net assets | | | <u>386,974</u> | | <u>368,177</u> |
| Income funds | | | | | |
| Unrestricted funds | | | 386,974 | | 368,177 |
| | | | <u>386,974</u> | | <u>368,177</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 31 December 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements 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 application 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 financial statements, so far as applicable to the company.

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

The financial statements were approved by the Trustees on 27 October 2021

Mr B Jones
Trustee

Company Registration No. 06188419

HOPE HOUSE SCHOOL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-----------|----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash generated from/(absorbed by) operations | 19 | | 453,456 | | (111,522) |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (1,274) | | (5,431) | |
| Proceeds on disposal of tangible fixed assets | | 2,767 | | - | |
| Interest received | | 60 | | 746 | |
| Net cash generated from/(used in) investing activities | | | 1,553 | | (4,685) |
| Financing activities | | | | | |
| Payment of obligations under finance leases | | (20,008) | | (22,195) | |
| Net cash used in financing activities | | | (20,008) | | (22,195) |
| Net increase/(decrease) in cash and cash equivalents | | | 435,001 | | (138,402) |
| Cash and cash equivalents at beginning of year | | | 217,209 | | 355,611 |
| Cash and cash equivalents at end of year | | | 652,210 | | 217,209 |

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Charity information

Hope House School Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Hope School, Barnby Road, Balderton, Newark, Notts, NG24 3NE.

1.1 Accounting convention

The financial statements 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 2016). 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.

1.2 Going concern

These financial statements are prepared on the going concern basis. The Trustees have a reasonable expectation that the charity will continue in operational existence for the foreseeable future, however, the Trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

As has already been mentioned in the Trustees' Report, Hope House School has received an inadequate Ofsted report. In addition to this, there is an ongoing Section 46 Enquiry, opened on 30 October 2017, by the Charity Commission. The school is now awaiting a follow up Ofsted visit in December 2021, which will assess the improvements made since the original inspection in January 2020.

The charity has prepared a forecast covering a period to August 2022 and has estimated to December 2022. This indicated that the charity has sufficient funds to continue until that date. However, the consequences of the future report awaited from Ofsted and the Charity Commission are unknown.

As a result of the above, there is material uncertainty relating to these events or conditions that may cast significant doubt on the charity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

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.

1.4 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.

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

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.

1.5 Expenditure

Liabilities are recognised as resources expended when it is probable that a transfer of economic benefits will be required in settlement and the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure relating to donated services and facilities is included on the same basis and at equivalent amounts as recognised within incoming resources.

Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services of its beneficiaries. It includes both the direct pay and non-pay costs and support costs relating to those activities.

Governance costs are shown as part of support costs. These are associated with the administrative arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with the charitable activity. These include audit fees, legal advice, and preparation of the statutory accounts and costs of trustee meetings.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------|----------------------|
| Leasehold improvements | 10% Straight line |
| Fixtures and fittings | 25% Reducing balance |
| Computers | 25% Straight line |
| Motor vehicles | 25% Reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 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).

Derecognition of financial liabilities

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

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.8 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 recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

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

1.10 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.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and 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 periods.

3 Donations and legacies

| | Unrestricted funds | Unrestricted funds |
|---------------------|--------------------|--------------------|
| | 2020 | 2019 |
| | £ | £ |
| Donations and gifts | 5,359 | 1,644 |

4 Income from charitable activities

| | 2020 | 2019 |
|-----------------------------|-----------|-----------|
| | £ | £ |
| Fees from local authorities | 1,359,073 | 1,439,329 |

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Income from other trading activities

| | 2020 | 2019 |
|--------------------------------|-------|-------|
| | £ | £ |
| Animal boarding | - | 2,118 |
| Trading activity income: other | - | 1,047 |
| | <hr/> | <hr/> |
| Other trading activities | - | 3,165 |
| | <hr/> | <hr/> |

6 Investments

| | Unrestricted funds | Unrestricted funds |
|---------------------|--------------------|--------------------|
| | 2020 | 2019 |
| | £ | £ |
| Interest receivable | 60 | 746 |
| | <hr/> | <hr/> |

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Expenditure on charitable activities

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Staff costs | 1,035,430 | 1,083,025 |
| Depreciation and impairment | 15,103 | 16,360 |
| Staff training | 8,606 | 10,377 |
| Equipment, furniture and resources | 24,548 | 15,151 |
| School trips | 1,486 | 652 |
| School uniform | 991 | 6,163 |
| Other school expenses | 7,494 | 16,666 |
| Sensory integration, therapy and counselling | 42,448 | 15,421 |
| Animal expenses | 7,542 | 4,939 |
| School food | 7,336 | 18,743 |
| Rent | 29,833 | 37,864 |
| Light and heat | 19,593 | 13,661 |
| Water rates | 399 | 653 |
| Repairs and maintenance | 25,157 | 8,883 |
| Cleaning and waste disposals | 2,189 | 2,520 |
| Garden expenses | - | - |
| Building renovation | - | - |
| Motor expenses | 15,725 | 21,902 |
| Insurance | 18,662 | 24,094 |
| Printing, postage and stationery | 4,598 | 2,641 |
| Telephone and data cost | 15,841 | 10,585 |
| Disclosure and barring service | 1,243 | 2,510 |
| Sundry expenses | 583 | 4,283 |
| | <u>1,284,807</u> | <u>1,317,093</u> |
| Share of governance costs (see note 8) | 54,828 | 67,576 |
| | <u>1,339,635</u> | <u>1,384,669</u> |
| Analysis by fund | | |
| Unrestricted funds | 1,339,635 | |
| | <u>1,339,635</u> | |
| For the year ended 31 December 2019 | | |
| Unrestricted funds | | 1,384,669 |
| | | <u>1,384,669</u> |

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Governance costs

| | 2020 £ | 2019 £ |
|---------------------------|---------------|---------------|
| Accountancy fees | 15,914 | 5,695 |
| Audit fees | 15,300 | 4,000 |
| Legal & professional fees | 23,614 | 57,881 |
| | <u>54,828</u> | <u>67,576</u> |

9 Trustees

Trustees received £0 of remuneration in 2020 (2019: £19,899).

No expenses have been paid out to the trustees in 2020 (2019: £nil).

10 Employees

The average monthly number employees during the year was:

| | 2020 Number | 2019 Number |
|--|----------------|----------------|
| | 45 | 61 |

Employment costs

| | 2020 £ | 2019 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 958,828 | 997,255 |
| Social security costs | 57,461 | 71,257 |
| Other pension costs | 19,141 | 14,513 |
| | <u>1,035,430</u> | <u>1,083,025</u> |

There were no employees who received total employee benefits of more than £60,000.

11 Mr M Westmoreland - expenditure in earlier years

| | 2020 £ | 2019 £ |
|--------------------------------|-----------|-----------|
| Expenditure in earlier periods | - | 1,034 |

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Finance interest

| | Unrestricted funds | Unrestricted funds |
|---|--------------------|--------------------|
| | 2020 | 2019 |
| Net loss on disposal of tangible fixed assets | 2,019 | - |
| Financing costs | 4,041 | 4,782 |
| | <u> </u> | <u> </u> |

13 Tangible fixed assets

| | Leasehold improvements | Fixtures and fittings | Computers | Motor vehicles | Total |
|------------------------------------|------------------------|-----------------------|-----------------|-----------------|-----------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2020 | 36,675 | - | - | 135,960 | 172,635 |
| Additions | - | 722 | 552 | - | 1,274 |
| Disposals | - | - | - | (11,344) | (11,344) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2020 | 36,675 | 722 | 552 | 124,616 | 162,565 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Depreciation and impairment | | | | | |
| At 1 January 2020 | - | - | - | 86,885 | 86,885 |
| Depreciation charged in the year | 3,668 | 180 | 184 | 11,071 | 15,103 |
| Eliminated in respect of disposals | - | - | - | (6,558) | (6,558) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2020 | 3,668 | 180 | 184 | 91,398 | 95,430 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Carrying amount | | | | | |
| At 31 December 2020 | 33,007 | 542 | 368 | 33,218 | 67,135 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 December 2019 | 36,675 | - | - | 49,075 | 85,750 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

14 Debtors

| | 2020 | 2019 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 44,474 | 278,766 |
| Other debtors | 17,064 | - |
| Prepayments and accrued income | 970 | - |
| | <u> </u> | <u> </u> |
| | 62,508 | 278,766 |
| | <u> </u> | <u> </u> |

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Finance lease commitments

Future minimum lease payments due under finance leases:

| | 2020 £ | 2019 £ |
|---------------------------|---------------|---------------|
| Within one year | 19,150 | 19,150 |
| Within two and five years | 5,898 | 23,490 |
| | <u>25,048</u> | <u>42,640</u> |

16 Creditors: amounts falling due within one year

| | Notes | 2020 £ | 2019 £ |
|------------------------------------|-------|----------------|----------------|
| Obligations under finance leases | 15 | 17,035 | 19,150 |
| Other taxation and social security | | 24,598 | 60,099 |
| Trade creditors | | 24,259 | 6,473 |
| Other creditors | | 2,111 | 4,576 |
| Accruals and deferred income | | 321,279 | 99,760 |
| | | <u>389,282</u> | <u>190,058</u> |

17 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|----------------------------------|-------|--------------|---------------|
| Obligations under finance leases | 15 | <u>5,597</u> | <u>23,490</u> |

18 Related party transactions

Remuneration of key management personnel

| | 2020 £ | 2019 £ |
|------------------------|---------------|---------------|
| Aggregate compensation | <u>33,824</u> | <u>30,220</u> |

Salaries include £30,490 paid to Mr M Westmoreland (the husband of the ex trustee and principal Mrs T A Westmoreland).

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

| 19 | Cash generated from operations | 2020 £ | 2019 £ |
|----|---|----------------|------------------|
| | Surplus for the year | 18,797 | 56,467 |
| | Adjustments for: | | |
| | Investment income recognised in statement of financial activities | (60) | (746) |
| | Loss on disposal of tangible fixed assets | 2,019 | - |
| | Depreciation and impairment of tangible fixed assets | 15,103 | 16,360 |
| | Movements in working capital: | | |
| | Decrease/(increase) in debtors | 216,258 | (226,955) |
| | Increase in creditors | 201,339 | 43,352 |
| | Cash generated from/(absorbed by) operations | <u>453,456</u> | <u>(111,522)</u> |