

Charity registration number 1121132

Company registration number 06188419 (England and Wales)

HOPE HOUSE SCHOOL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

HOPE HOUSE SCHOOL LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr J Barrie Mr C Coen Mr B Jones
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	Mrs Michelle McRae - Headteacher (appointed Sept 22) Mrs Joanne Kiernan- Interim Headteacher (Sept 21 - Aug 22)

HOPE HOUSE SCHOOL LIMITED

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HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees present their annual report and financial statements for the year ended 31 December 2021.

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 an independent special school for pupils with a primary need of autism spectrum disorder (ASD) and related speech and language communication needs (SLCN). Some pupils also have other complex needs e.g. ADHD, PDA and Attachment Disorder. Many of our pupils join us after difficult past educational histories with having been to multiple schools and long-term absences.

The school has an ambitious curriculum which is broad and rich to enable all our young people to Prepare for Adulthood (PfA). There are multiple opportunities within the curriculum for enrichment with older pupils and Post-16 having access to work for enrichment with older pupils and Post-16 having access to work experience, regular access to the community e.g. travel training, gym, cooking own meals and independent living. The PfA curriculum is an essential offer and is accredited through ASDAN.

Our Vision...

...is for every young person to fulfil their personal potential. Hope House School supports students to develop into happy, healthy, and secure young adults who are prepared for Adult Life.

Our Values...

...are based upon recognition that our young people join us having had difficult journeys and their education experiences have not always been positive ones.

Therefore, we aim to transform young people's experiences of education by taking a pro-active approach to predicting and addressing any barriers to learning. We embrace the benefits of individualised approaches and curriculum tailored to the needs of our young people. We also recognise the importance of integrating the therapeutic approach by working with Speech and Language Therapy, Occupational Therapy and Educational Psychology. Ultimately, Hope House School wants to be the enabler of our young people to confidently take up their place within society.

Our Ethos...

...adopts a culture of integrity, mutual respect, and kindness, valuing the individual at all times. This is reflected by ensuring the voice of our young people is heard through PRIDE (Peace, Respect, Independence, Determination and Equality) Force. We work closely as a community with families and professionals, recognising that each brings their own area of expertise to support our students to become secure and independent members of society.

The trustees are fully aware of the guidance issued by the Charity Commission regarding Public Benefit and ensure that this guidance is adhered to.

Charity Commission enquiry

The Charity Commission opened a statutory inquiry into Hope House School Limited on 9 October 2017 due to serious regulatory concerns that there was or had been mismanagement and/or misconduct in the administration of the charity. An interim Manager was appointed under section 76 (3) (G) of the Charities Act 2011 on 20 August 2018 and discharged on 8 November 2019 following the appointment of new trustees on 25 September 2019.

The substantive phase of the inquiry was closed for the second time on 10 February 2021 and the inquiry formally closed with the publication of a report published 7 March 2022. This report is available on the Charity Commission website.

HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review

2021 Business Review

The lag effect from the 2020 Inadequate Ofsted inspection rating meant the business saw a significant year on year slide. This was caused by a downsizing of the business in 2020 and a decline in local authority income triggered by a fall in pupil numbers. Whilst efficiency measures taken in 2020 helped to mitigate the effects from reduced income, the fixed cost structure of the business created a sizable gap between earnings and expenditure. This gap was filled by an unrestricted fund balance steadily built over previous years.

The turnaround program instigated in 2020 continued with the addition of external expert resource which was appointed to implement and speed up positive change. As part of wide change, the school's offer was also reviewed and decisions made to withdraw transport services from September 21 and wind down the school's Animal unit which was seen as a high cost / low value function and more efficient to outsource.

The Covid-19 pandemic continued to disrupt operations throughout 2021 although an effective outreach programme for pupils could easily be deployed meaning funding from local authorities was not affected

Income / funding

Principal income from local authorities shrunk by nearly a quarter (£325k) year on year. There were no other commercial trading activities. The number of funded pupils on the roll shrunk from 17 at the start of the year to 14 pupils at the end of December. A non fee-paying pupil on the roll for a number of years left the roll at the end of the 2020 / 21 academic year.

A formal application was submitted in 2021 for an uplift to pupil fees as rates had been unchanged for some time and a large number of pupil placements were being heavily subsidised by up to £20k per pupil per annum in the case of one local authority. The East Midlands review panel awarded only a 2.46% uplift effective September 2021, which was a long way from the 30% requested. This uplift related to existing pupils only and so a revised base fee for all new future pupil placements was formalised, which is representative of the true associated cost for the business.

With capacity to subsidise pupil placements ebbing away, it is critical that moving forward, fees are regularly reviewed and aligned to cost to secure financial security and continued business viability.

The school had regular quality assurance visits from local authorities to support the reopening of pupil referrals on hold since January 2020 following the inadequate Ofsted inspection rating.

2021 Financial performance Summary

While income shrunk by 29%, expenses fell by only 2% which exacerbated financial pressures. Significant exceptional cost was incurred for external Headteacher support and overdue investment into areas such as staff training was critical as part of the turnaround program. Other high value expense lines were subject to market changes such as insurance.

The contrast between income and expense shrinkage also reflects the fixed cost nature of the business.

A significant fall in staffing costs reflects efficiencies brought about by the 2020 team resizing exercise and further resizing undertaken in summer 2021.

Ongoing analysis and cleansing of service provision has been undertaken to ensure appropriateness and value for money.

An existing employment dispute is expected to be concluded after the balance sheet date and provision has been made in the financial statements in respect of the costs to resolve the dispute.

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 not been able to satisfy this target with free reserves amounting to £4k at 31 December 2021, which falls short by c£266k assuming monthly expenditure of £90,000 per month. This deficiency is considered short term only and the policy is expected to be fully met in 2022.

HOPE HOUSE SCHOOL LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Unrestricted Funds

The £387k carried forward into 2021 means that despite the 2021 loss, £44k is carried forward into 2022.

Principal source of funding

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

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.

2022 and 2023 expectation overview

2022 financial performance is expected to be weak as the school will not be carrying sufficient average pupil numbers across the year to break even. The breakeven point is c22 pupils. As such the business is expected to make a loss and operations will continue to be subsidised through unrestricted funds carried over from 2021, which will be exhausted during the latter part of the year and as such create a hand to mouth scenario at least in the short term.

However, this financial year will represent the bottom of the curve from the cumulative effect of the 2020/21 challenges and the outlook for 2023 and beyond is far more positive as key aspects of the turnaround programme are completed. As well, the school has received an improved Ofsted rating following a Standard Inspection undertaken in June 22, which critically will enable pupil referrals to recommence having been suspended by some feeder local authorities since the inadequate award rating in January 2020. While the new rating of 'Requires Improvement' reflects some remaining weaknesses, it formally represents significant progress and importantly the Department for Education have confirmed that the school now meets Independent School Standards. Ofsted's full inspection report can be viewed via their website.

In addition to the 2.46% uplift awarded in 2021, the East Midlands fee review panel has approved a further 1.9% uplift for existing pupils which will be applied in September 22 for the 2022/23 academic year.

New placements are in place for the Autumn 22 school term and the pupil roll is expected to reach 25 by January 2023 delivering income in excess of £1.5m. Pupil numbers beyond breakeven of 22 means the business will benefit from strong economies of scale and create a surplus and with it a good opportunity to replenish reserves and deliver investment into educational provision, staff and facilities. Although the school is licensed for 28 pupils, the decision has been taken not to exceed 25 for the foreseeable future to ensure the school does not become over stretched and vulnerable.

A new permanent Headteacher has been appointed to commence September 22 at which time interim Headteacher support will cease. As well, strategic decisions taken over the last 2 years means that the school is considered efficient. A robust structure, reporting and process driven controls also means that business can be managed effectively and is unlikely to encounter the same type of challenges seen over the last 3 years.

Structure, governance and management

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

Appointment of 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

Mr B Jones

The Trustees are guided by the Head Teacher who advises them on the key aspects of business operations and 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 2021*

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: 31 October 2022

HOPE HOUSE SCHOOL LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 2021 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 2021 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.

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 charity'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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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.

HOPE HOUSE SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF HOPE HOUSE SCHOOL LIMITED

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.

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.

HOPE HOUSE SCHOOL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOPE HOUSE SCHOOL LIMITED

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 FCCA DChA (Senior statutory auditor)
Rogers Spencer

31 October 2022

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 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 2021

		Unrestricted funds	
	Notes	2021 £	2020 £
<u>Income from:</u>			
Donations and legacies	3	6,353	5,359
Charitable activities	4	965,419	1,359,073
Investments	5	38	60
Total income		971,810	1,364,492
<u>Expenditure on:</u>			
Charitable activities	6	1,306,241	1,339,635
Finance interest	10	8,122	6,060
Total resources expended		1,314,363	1,345,695
Net (expenditure)/income for the year/ Net movement in funds		(342,553)	18,797
Fund balances at 1 January 2021		386,974	368,177
Fund balances at 31 December 2021		44,421	386,974

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		48,537		67,135
Current assets					
Debtors	12	14,400		62,508	
Cash at bank and in hand		435,931		652,210	
		<u>450,331</u>		<u>714,718</u>	
Creditors: amounts falling due within one year	14	<u>(446,765)</u>		<u>(389,282)</u>	
Net current assets			3,566		325,436
Total assets less current liabilities			52,103		392,571
Creditors: amounts falling due after more than one year	15		(7,682)		(5,597)
Net assets			<u>44,421</u>		<u>386,974</u>
Income funds					
Unrestricted funds			44,421		386,974
			<u>44,421</u>		<u>386,974</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 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 31 October 2022

Mr B Jones
Trustee

Company Registration No. 06188419

HOPE HOUSE SCHOOL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19		(192,203)		453,456
Investing activities					
Purchase of tangible fixed assets		(30,346)		(1,274)	
Proceeds on disposal of tangible fixed assets		11,830		2,767	
Interest received		38		60	
Net cash (used in)/generated from investing activities			(18,478)		1,553
Financing activities					
Payment of obligations under finance leases		(5,598)		(20,008)	
Net cash used in financing activities			(5,598)		(20,008)
Net (decrease)/increase in cash and cash equivalents			(216,279)		435,001
Cash and cash equivalents at beginning of year			652,210		217,209
Cash and cash equivalents at end of year			435,931		652,210

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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. The principal accounting policies adopted are set out below.

1.2 Going concern

These financial statements are prepared on the going concern basis. Despite material uncertainties over the last 2 years, which cast some doubt on the charity's ability to continue as a going concern, the Trustees have a full expectation that the charity will continue in operational existence for the foreseeable future.

As has already been mentioned in the Trustees' Report, Hope House School received a formal Ofsted inspection in June 2022, which reported positively about the school's progress since February 2020 and an improved rating was awarded. As well, the Section 46 Enquiry, opened on 30 October 2017, by the Charity Commission has now fully concluded and the matter closed. The report is available on the Charity Commission website.

The charity has prepared a forecast covering a period to December 2023, which indicates that the charity will generate sufficient income to continue and build a sustainable future and there is no material uncertainty that may lead to or cast doubt on the charity's ability to continue as a going concern.

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.

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.

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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	33% 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 the statement of financial activities.

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).

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.

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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
	2021	2020
	£	£
Donations and gifts	6,353	5,359

4 Income from charitable activities

	2021	2020
	£	£
Fees from local authorities	965,419	1,359,073

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Interest receivable	38	60

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Expenditure on charitable activities

	2021 £	2020 £
Staff costs	920,432	1,050,982
Depreciation and impairment	10,246	15,103
Staff training	28,940	8,606
Equipment, furniture and resources	30,088	24,548
School trips	-	1,486
School uniform	601	991
Other school expenses	13,117	7,494
Sensory integration, therapy and counselling	47,577	26,896
Animal expenses	4,604	7,542
School food	9,112	7,336
Rent	30,382	29,833
Light and heat	16,815	19,593
Water rates	628	399
Repairs and maintenance	31,107	25,157
Cleaning and waste disposals	-	2,189
Motor expenses	14,896	15,725
Insurance	31,660	18,662
Printing, postage and stationery	2,442	4,598
Telephone and data cost	23,900	15,841
Disclosure and barring service	414	1,243
Sundry expenses	4,986	583
Loss on disposal of tangible assets	26,867	-
	<u>1,248,814</u>	<u>1,284,807</u>
Share of governance costs (see note 7)	57,427	54,828
	<u>1,306,241</u>	<u>1,339,635</u>
Analysis by fund		
Unrestricted funds	<u>1,306,241</u>	
	<u>1,306,241</u>	
For the year ended 31 December 2020		
Unrestricted funds		<u>1,339,635</u>
		<u>1,339,635</u>

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Governance costs

	2021 £	2020 £
Accountancy fees	13,250	15,914
Audit fees	10,080	15,300
Legal & professional fees	34,097	23,614
	<u>57,427</u>	<u>54,828</u>

8 Trustees

Trustees received £nil of remuneration in 2021 (2020: £nil).

No expenses have been paid out to the trustees in 2021 (2020: £nil).

9 Employees

The average monthly number employees during the year was:

	2021 Number	2020 Number
	<u>32</u>	<u>45</u>

Employment costs

	2021 £	2020 £
Wages and salaries	852,445	974,380
Social security costs	36,650	57,461
Other pension costs	10,739	19,141
	<u>920,432</u>	<u>1,050,982</u>

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

There were no employees whose annual remuneration was more than £60,000.

10 Finance interest

	Unrestricted funds 2021	Unrestricted funds 2020
Net loss on disposal of tangible fixed assets	-	2,019
Financing costs	<u>8,122</u>	<u>4,041</u>

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	36,675	722	552	124,616	162,565
Additions	20,574	1,598	8,174	-	30,346
Disposals	(36,675)	-	-	(19,091)	(55,766)
At 31 December 2021	20,574	2,320	8,726	105,525	137,145
Depreciation and impairment					
At 1 January 2021	-	180	184	91,398	91,762
Depreciation charged in the year	5,039	162	1,830	6,883	13,914
Eliminated in respect of disposals	(3,668)	-	-	(13,400)	(17,068)
At 31 December 2021	1,371	342	2,014	84,881	88,608
Carrying amount					
At 31 December 2021	19,203	1,978	6,712	20,644	48,537
At 31 December 2020	33,007	542	368	33,218	67,135

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	13,611	44,474
Other debtors	-	17,064
Prepayments and accrued income	789	970
	14,400	62,508

13 Finance lease commitments

Future minimum lease payments due under finance leases:

	2021 £	2020 £
Within one year	9,352	17,035
Within two and five years	7,682	5,597
	17,034	22,632

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Obligations under finance leases	13	9,352	17,035
Other taxation and social security		-	24,598
Payments on account		23,075	-
Trade creditors		19,517	24,259
Other creditors		37,110	2,111
Accruals and deferred income		357,711	321,279
		<u>446,765</u>	<u>389,282</u>

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	13	<u>7,682</u>	<u>5,597</u>

16 Government grants

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Deferred income at 1 January 2021	312,279	90,760
Released from previous periods	(312,279)	(90,760)
Resources deferred in the year	<u>331,100</u>	<u>312,279</u>
Deferred income at 31 December 2021	<u>331,100</u>	<u>312,279</u>

Deferred income represents amounts received in advance from local authorities relating to post year end term fees.

17 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £10,739 (2020: £19,141).

HOPE HOUSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

18 Related party transactions

Remuneration of key management personnel

	2021 £	2020 £
Aggregate compensation	24,064	33,824

Salaries include £32,855 (2020: £30,490) paid to Mr M Westmoreland (the husband of the ex trustee and principal Mrs T A Westmoreland).

19 Cash generated from operations

	2021 £	2020 £
(Deficit)/surplus for the year	(342,553)	18,797
Adjustments for:		
Investment income recognised in statement of financial activities	(38)	(60)
Loss on disposal of tangible fixed assets	26,868	2,019
Depreciation and impairment of tangible fixed assets	10,246	15,103
Movements in working capital:		
Decrease in debtors	48,108	216,258
Increase in creditors	65,166	201,339
Cash (absorbed by)/generated from operations	(192,203)	453,456