

Registered number: 08979945
Charity number: 1159854

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charity, its Trustees and Advisers	1
Trustees' Report	2 - 6
Independent Auditor's Report on the Financial Statements	7 - 10
Statement of Financial Activities	11
Balance Sheet	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 27

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 OCTOBER 2021**

Trustees	Ms Anne Segall Mr David Pilgrim Mr Adrian Fry
Company registered number	08979945
Charity registered number	1159854
Registered office	Ground Floor Building 1000 Western Road Portsmouth PO6 3EZ
Company secretary	Mrs Vivien A Sheath
General Manager	Paul Moran
Independent auditor	Mazars LLP Chartered Accountants 90 Victoria Street Bristol BS1 6DP
Bankers	Unity Trust Bank Nine Brindley Place Birmingham B1 2HB

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2021

The Trustees present their annual report together with the audited financial statements of the Charity for the 1 November 2020 to 31 October 2021. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

a. Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

The objectives of the charity are to promote the upbringing and care of children and young people in need with a view to advancing them in life and helping them to develop their skills, capacities and capabilities to enable them to participate in society as independent, mature and responsible individuals.

b. Strategies and activities undertaken for achieving objectives

The strategies and activities employed to meet the Charity's objectives include advancing education, promoting health, relieving financial and other hardship and providing recreational and leisure time activity.

Strategic report

Achievements and performance

a. Main achievements of the Charity

The Trustees commend the efforts of all staff in responding to the constraints and restrictions imposed by the Covid 19 pandemic. The safety of the service users and all staff has been the primary focus. This has been achieved by rapid and rigorous segregation of care teams to minimise the risk of spreading the virus, and enabling staff to work from home wherever possible.

b. Key performance indicators

Delivering a high standard of care and education to all service users is paramount. The Charity (and its trading subsidiary) has robust internal quality audits and health and safety processes in place to ensure these high standards are achieved. During the year to 31 October 2020 all regulatory standards were met or exceeded.

A key factor to achieve any of our strategic goals is to ensure that we have highly trained, high performing staff at every level throughout the organisation. The charitable group increased the amount it spent on training from £640,000 in 2019 to £725,000 in 2020. Training spend represented 4.9% of turnover from care and education services (2019: 4.9%).

The outcomes for our service users is the most visible measure of our achievements. The Charitable group will continue to collate data and to develop a range of measures to determine success and ensure that such measures are independently verifiable.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

Strategic report (continued)

Achievements and performance (continued)

c. Review of activities

During the year the Board met regularly to consider grant applications and support measures for staff in the trading company. The Board also resolved to support the re-registration of the trading company as an exempt charity and make a gift to the community to facilitate this.

d. Fundraising activities and income generation

The Charity does not employ fundraisers.

e. Investment policy and performance

The Trustees will continue to look for opportunities to invest in the acquisition of properties suitable for the provision of services to support the charitable activities of the Charity.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. 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.

b. Reserves policy

The Trustees intend to ensure that the charity and the operating business adopt a prudent approach to reserves.

In the short term the Trustees intend to ensure that sufficient dedicated reserves are retained as follows:

- Reserves equivalent to 3 months repayments of all property loans.

The trading company has a prudent reserves policy as follows:

- Reserves equivalent to 6 weeks of the salary bill of the trading company

These key performance indicators are reported to the Trustees on a quarterly basis.

At the year end total reserves of the charity stood at £3,185,068 of these £3,876,182 less associated debt of £3,580,549 are invested in tangible fixed assets.

c. Principal risks and uncertainties

The principal risks to the Charity are considered to be local authority cost constraints that could impact the services provided by its trading company and the risk of damage to the organisation's excellent reputation in the provision of services to children and young people. The Trustees are satisfied that the principal and other risks are mitigated appropriately through the implementation of its risk strategy which comprises:

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

d. Financial risk management objectives and policies

The Charity maintains a cautious policy of developing services and building reserves. During the year it redeemed the outstanding loan notes and continues to build its reserves.

Structure, governance and management

a. Constitution

Fair Ways Foundation is a company limited by guarantee governed by a Deed of Governance dated 20 October 2014 and by its Memorandum and Articles of Association dated 4 April 2014. It is registered as a charity with the Charity Commission.

The charity and the group is constituted under a Memorandum of Association dated 21 October 2014 and is a registered charity number 1159854.

b. Methods of appointment or election of Trustees

Trustees determine the skill set and experience required for an effective board, and search for suitable candidates, using external advertising and recruitment agencies when appropriate. Candidates are interviewed, references taken, and are subject to DBS checks prior to appointment for an initial term, and subject to reappointment at the first AGM following their appointment.

c. Organisational structure and decision-making policies

The Trustees meet quarterly to review information prepared by management and make any decisions required. The day to day management of the charity is devolved to the management team as outlined in paragraph e. below.

d. Policies adopted for the induction and training of Trustees

All Trustees are given a bespoke induction course tailored to add to their prior experience. This includes introductions to senior staff in the operating company, visits to company care facilities, training centres, and schools, and attendance at professional adviser training courses.

Further opportunities for continuing professional development courses as a Trustee are also provided.

e. Pay policy for key management personnel

The Trustees, Chief Executive Officer, Company Secretary (Director of Finance) and the General Manager comprise the key operational management personnel of the group in charge of directing and controlling, running and operating the trading company on a day to day basis. All Trustees give of their time freely and are not remunerated. The remuneration of the managing director is set by a remuneration committee made up of Trustees. The CEO sets the pay for the executive team. Details of Trustee expenses are disclosed in Note 22 to the accounts.

f. Related party relationships

The Charity's trading subsidiary is Fairways Care (UK) Limited, a wholly owned limited company, which provides high quality social care and education services including school and foster placements, residential children's homes, a post 16 service and a family assessment centre.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

Structure, governance and management (continued)

g. Trustees' indemnities

The Trustees are covered by a qualifying third party indemnity policy. This policy was in place for all Trustees for the whole of the financial year.

Plans for future periods

The Charity operates independently from the trading operations of Fairway Care (UK) Limited, focused on the welfare of children and young and vulnerable people. The Charity will continue to focus on the delivery of activities set out in the "objectives and activities" section on page 2 of this report and with its grant making activities set out on page 2.

During the year to 31 October 2021, the group is committed to expanding its fostering provision and also to expanding its residential services as the new homes opened in 2020 become fully occupied. It also intends to enhance the outdoor facilities offered to young people placed within our crisis provision by setting up an outdoor activity centre in Wales. The company plans to further develop the services provided by its Therapeutic Hub, designed around the needs of our young people in order to maximise their potential to engage in services.

Engagement with employees and employment of the disabled

During the period to 31 August 2021, employees of the trading company have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Group carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Charity has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Charity's equal opportunities policy, the Group has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Fair Ways aim is to ensure that the abilities of all people are recognised and valued at all levels of Fair Ways. This is achieved by providing any reasonable adjustments to ensure disabled people have access to our services and employment opportunities, challenging discriminatory assumptions about disabled people and seeking to continue to improve access to information by ensuring availability of loop systems, Braille facilities, alternative formatting and sign language interpretation.

Full details of these policies are available from the Charity's offices.

The Trustees wish to record their thanks to Alexander Burnfield who served as a trustee since the inception of the foundation in 2014 until his resignation in 2020.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2021

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic 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 . 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 Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and 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 persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, has indicated its willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:


Anne Segall (Mar 23, 2022 20:35 GMT)

Ms A Segall
Chairman

Mar 23, 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FAIR WAYS FOUNDATION

Opinion

We have audited the financial statements of Fair Ways Foundation (the 'Charity') for the year ended 31 October 2021 which comprise the Statement of Financial Activities, the Statement of Financial Position, the 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 FRS 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 Charity's affairs as at 31 October 2021 and of its 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 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' responsible for the other information contained within the annual 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FAIR WAYS FOUNDATION

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 Strategic Report and the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees'

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the Trustees' 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' 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' 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 to liquidate the Charity or to cease operations, or Trustees' no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FAIR WAYS FOUNDATION

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.

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, the Charities Statement of Recommended Practice, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering and non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Charities Act 2011 and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to; posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion with specific focus on legacies and the timing of the recognition of these), and significant one-off or unusual transactions and allocation of funds.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF FAIR WAYS FOUNDATION

remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the Charity'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 Charity'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 Charity and the Charity's members as a body for our audit work, for this report, or for the opinions we have formed.



Jonathan Marchant (Senior statutory auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: Mar 24, 2022

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations and legacies	4	2,458,889	2,458,889	1,298,593
Investments	5	424,870	424,870	393,688
Profit on sale of property		26,124	26,124	-
Total income		2,909,883	2,909,883	1,692,281
Expenditure on:				
Charitable activities	7	1,411,197	1,411,197	899,851
Total expenditure		1,411,197	1,411,197	899,851
Net income before net losses on investments		1,498,686	1,498,686	792,430
Gift of investment value to the community	11	(3,035,022)	(3,035,022)	-
Net movement in funds		(1,536,336)	(1,536,336)	792,430
Reconciliation of funds:				
Total funds brought forward		4,721,404	4,721,404	3,928,974
Net movement in funds		(1,536,336)	(1,536,336)	792,430
Total funds carried forward		3,185,068	3,185,068	4,721,404


FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

BALANCE SHEET
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	3,876,182	3,294,666
Investments	11	8	3,035,030
		3,876,190	6,329,696
Current assets			
Debtors	12	1,142,461	23,179
Cash at bank and in hand		1,792,830	1,721,108
		2,935,291	1,744,287
Creditors: amounts falling due within one year	13	(299,250)	(220,233)
Net current assets		2,636,041	1,524,054
Total assets less current liabilities		6,512,231	7,853,750
Creditors: amounts falling due after more than one year	14	(3,327,163)	(3,132,346)
Total net assets		3,185,068	4,721,404
Charity funds			
Unrestricted funds		3,185,068	4,721,404
Total funds		3,185,068	4,721,404

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Anne Segall (Mar 23, 2022 20:35 GMT)

Ms A Segall
Trustee
Mar 23, 2022

The notes on pages 14 to 27 form part of these financial statements.

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	357,408	627,649
Cash flows from investing activities		
Proceeds from the sale of tangible fixed assets	229,167	-
Purchase of tangible fixed assets	(784,559)	(28,200)
Net cash used in investing activities	(555,392)	(28,200)
Cash flows from financing activities		
Cash inflows from new borrowing	479,500	1,400,000
Repayments of borrowing	(209,794)	(1,987,994)
Net cash provided by/(used in) financing activities	269,706	(587,994)
Change in cash and cash equivalents in the year	71,722	11,455
Cash and cash equivalents at the beginning of the year	1,721,108	1,709,653
Cash and cash equivalents at the end of the year	1,792,830	1,721,108

The notes on pages 14 to 27 form part of these financial statements

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

1. General information

The charity is a private company limited by guarantee (company registered number 08979945 and charity registered number 1159854) registered in England and Wales. The registered office is Suite 8, Fairways House, Mount Pleasant Road, Southampton, Hampshire, SO14 0QB.

The presentation currency of the financial statements is sterling and the financial statements are rounded to the nearest £. The financial statements cover the current year ended 31 October 2020 and the comparative information relates to the year ended 31 October 2019.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair Ways Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The Trustees have considered the future cashflow position of the Charity and reviewed budgets for the period. The available cash reserves and the long term relationship with the lessor of the Charity's properties, Fair Ways Community Benefit Society gives the Trustees confidence that the Charity will continue to meet any liabilities as they fall due. As a result the accounts have been prepared on a going concern basis.

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

2. Accounting policies (continued)

2.4 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 allocated on the portion of the asset's use.

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

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £250 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

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

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- Nil
Short-term leasehold property	- Shorter of 15 years or remaining life of the lease
Motor vehicles	- Straight line over 3 years
Fixtures and fittings	- Straight line over 3 years

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Debtors

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

2.9 Cash at bank and in hand

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

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

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

2. Accounting policies (continued)

2.11 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	2,458,889	-	2,458,889	1,298,593
	<hr/>	<hr/>	<hr/>	<hr/>
Total 2020	1,284,593	14,000	1,298,593	
	<hr/>	<hr/>	<hr/>	

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

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment properties	424,870	424,870	389,541
Bank Interest	-	-	4,147
	<u>424,870</u>	<u>424,870</u>	<u>393,688</u>
Total 2020	<u>393,688</u>	<u>393,688</u>	

6. Analysis of grants

	Grants to Institutions 2021 £	Total funds 2021 £	Total funds 2020 £
Grants, Direct costs	1,080,731	1,080,731	484,940
Total 2020	<u>484,940</u>	<u>484,940</u>	

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Direct costs	1,411,197	-	1,411,197	899,851
Total 2020	<u>885,851</u>	<u>14,000</u>	<u>899,851</u>	

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

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Grant funding of activities 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Direct costs	169,917	1,080,731	160,549	1,411,197	899,852
Total 2020	146,133	484,940	268,779	899,852	

Analysis of direct costs

	Care and education activities 2021 £	Total funds 2021 £	Total funds 2020 £
Other direct costs	169,917	169,917	146,133
Total 2020	146,133	146,133	

Analysis of support costs

	Care and education activities 2021 £	Total funds 2021 £	Total funds 2020 £
Other support costs	147,723	147,723	261,496
Governance costs	12,826	12,826	7,283
	160,549	160,549	268,779
Total 2020	268,778	268,779	

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

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

9. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	9,000	5,000
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	1,750	5,100

10. Tangible fixed assets

	Freehold property £
Cost or valuation	
At 1 November 2020	3,294,666
Additions	784,559
Disposals	(203,043)
At 31 October 2021	3,876,182
Net book value	
At 31 October 2021	3,876,182
At 31 October 2020	3,294,666

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

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2020	3,035,030
At 31 October 2021	<u>3,035,030</u>
Impairment	
Charge for the year	3,035,022
At 31 October 2021	<u>3,035,022</u>
Net book value	
At 31 October 2021	8
At 31 October 2020	<u>3,035,030</u>

Principal subsidiaries

The charity owned 100% of the share capital of Fairways Care UK Limited until 31 August 2021 when that company converted to a Benefit Society. At 31 August 2021 the Charity ceased to control the new entity and recognised that the value of the investment has been impaired by way of giving ownership to the community.

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

12. Debtors

	2021 £	2020 £
Due within one year		
Other debtors	1,115,332	-
Prepayments and accrued income	27,129	23,179
	1,142,461	23,179

13. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	253,386	178,497
Amounts owed to group undertakings	-	513
Accruals and deferred income	45,864	41,223
	299,250	220,233

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

14. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	3,327,163	3,132,346

Included within the above are amounts falling due as follows:

	2021 £	2020 £
Between one and two years		
Bank loans	253,386	188,020
Between two and five years		
Bank loans	760,158	610,325
Over five years		
Bank loans	2,313,619	2,334,001

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2021 £	2020 £
Payable or repayable by instalments	2,313,619	2,334,001
	2,313,619	2,334,001

The bank loan has a fixed and floating charge over freehold property of the Charity and all freehold and leasehold property vested in the company both at present and in the future. The loan is repayable over 25 years and interest is charged at bank base rate plus 3%.

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

15. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,792,830	3,867,663

Financial assets measured at amortised cost comprise cash at bank, trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors and bank and other loans.

16. Summary of funds

Summary of funds - current year

	Balance at 1 November 2020 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 October 2021 £
General funds	4,721,404	2,909,883	(1,411,197)	(3,035,022)	3,185,068

Summary of funds - prior year

	Balance at 1 November 2019 £	Income £	Expenditure £	Balance at 31 October 2020 £
General funds	4,086,595	14,954,306	(14,319,497)	4,721,404
Restricted funds	-	14,000	(14,000)	-
	4,086,595	14,968,306	(14,333,497)	4,721,404

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	3,876,182	3,876,182
Fixed asset investments	8	8
Current assets	2,935,291	2,935,291
Creditors due within one year	(299,251)	(299,251)
Creditors due in more than one year	(3,327,163)	(3,327,163)
Difference	1	(1)
Total	3,185,068	3,185,068

Analysis of net assets (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2020 £
Tangible fixed assets	3,769,850	3,769,850	3,769,820
Intangible fixed assets	1,099,639	1,099,639	1,099,639
Current assets	3,879,588	3,879,588	3,879,588
Creditors due within one year	(2,154,011)	(2,154,011)	(2,154,011)
Creditors due in more than one year	(3,723,261)	(3,723,261)	(3,723,261)
Provisions for liabilities and charges	(5,555)	(5,555)	(5,555)
	2,866,250	2,866,250	2,866,220

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

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(1,536,336)	792,430
Adjustments for:		
Gift of investment to the public	3,035,022	-
(Profit) on the sale of fixed assets	(26,124)	-
(Increase)/decrease in debtors	(1,119,282)	3,333
Increase/(decrease) in creditors	4,128	(168,114)
Net cash provided by operating activities	357,408	627,649

19. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	1,792,830	1,721,108
Total cash and cash equivalents	1,792,830	1,721,108

20. Analysis of changes in net debt

	At 1 November 2020 £	Cash flows £	At 31 October 2021 £
Cash at bank and in hand	1,721,108	71,722	1,792,830
Debt due within 1 year	(178,497)	(74,889)	(253,386)
Debt due after 1 year	(3,132,346)	(194,817)	(3,327,163)
	(1,589,735)	(197,984)	(1,787,719)

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

21. Operating lease commitments

At 31 October 2021 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	170,324	245,699
Later than 1 year and not later than 5 years	681,295	982,796
Later than 5 years	936,906	1,161,951
	<hr/> 1,788,525 <hr/>	<hr/> 2,390,446 <hr/>

22. Related party transactions

Related party transactions between group companies have not been disclosed in accordance with section 33 of FRS 102.

The Trustees were not paid or in receipt of any other benefits from employment with the Charity or its subsidiary in the year. No Trustees were reimbursed (2020: £80 to one Trustee) for travel expenses and no trustees were reimbursed (2020: £733) for IT costs in the year. No Trustee received payment for professional or other services supplied to the Charity.