

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 2023

FAIR WAYS FOUNDATION

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FAIR WAYS FOUNDATION

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 OCTOBER 2023**

Trustees	Ms Diana Cree, Trustee Mr Adrian Fry, Trustee Mr David Pilgrim, Trustee (resigned 19 June 2023) Ms Anne Segall, Trustee
Company secretary	Mr Malcolm Rule
Company registered number	08979945
Charity registered number	1159854
Registered office	Ground Floor Building 1000 Portsmouth PO6 3EN
Independent auditor	Azets Audit Services Ashcombe Court Woolsack Way Godalming GU7 1LQ
Bankers	Unity Trust Bank Nine Brindley Place Birmingham B1 2HB

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 OCTOBER 2023**

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 November 2022 to 31 October 2023. The Annual Report serves the purpose 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 create long term financial stability and good governance and to be a good landlord. The Charity raises funds, creates partnerships and provides grants to:

- Raise the standards across health care, social care and education
- Reach more Young People and support them to become 'full citizens'
- Change the Perceptions of Young People in Care

b. Strategies for achieving objectives

The Charity holds the key assets used by Fair Ways Community Benefit Society (FWCBS). These include properties utilised by FWCBS for which rents are charged in accordance with the leases in place.

During 2023, the Trustees have considered the longer-term strategy for the charity.

The Trustees commissioned a detailed review to merge Fair Ways Foundation and FWCBS, on the basis that presenting the organisation as a single charity will avoid confusion in the target markets and provide better efficiencies and economies of scale.

Following the review the Trustees are of the opinion that the Charitable Objects of Fair Ways Foundation would be better achieved by the transfer of its Charitable Undertakings to FWCBS. This will result in all existing assets and liabilities being transferred.

Discussions are taking place with legal advisors, landlords and lenders and expectations are that such a transfer will be completed prior to 31 October 2024.

During the year, Mr Malcom Rule was appointed as Company Secretary of Fair Ways Foundation.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

Strategic report**Achievements and performance****a. Main achievements of the Charity**

The Trustees continue to have an active interest in the performance and progress of Fair Ways Community Benefit Society (FWCBS).

The Trustees commend the efforts of all staff in FWCBS for the performance of the organisation. Key themes are noted as follows:

Financial Performance: Following a financially challenging year in 2021/22, the trustees were pleased to note the positive financial performance of FWCBS in 2022/2023.

Property Development: Trustees have actively considered the further development of Fair Ways estate to prioritising the expansion and refurbishment of several existing assets to increase capacity and deliver services to a greater number of Children and young people.

Further to the acquisition of Catral Ltd in 2021, trustees have also advanced longer-term plans to provide a replacement school on the Swanwick site following a fire in 2021, that resulted in the destruction of the existing school and the creation of a temporary school.

b. Key performance indicators

The Charity considers it is paramount that FWCBS delivers a high standard of care and education to all service users. FWCBS 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 2023 all regulatory standards were met or exceeded.

c. Review of activities

During the year the Board met regularly to review how best to fulfil the Foundation's objectives which led to the decision to explore the potential for merging with FWCBS.

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.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

Strategic report (continued)

Financial review

a. Financial review

In 2022-23 income was £538k compared to £514k for the previous year. Expenditure was £575k in 2022-23 compared to £1,372k in the previous year.

Overall, there was a net deficit of £37k in 2022-23 compared to a net deficit of £858k in the previous year. The previous year included grant awards to FWCBS of £730k; no grants were awarded in 2022-23.

Income for the year was almost exclusively from rents charged to FWCBS in their provision of care and education for vulnerable children, young people and families.

Expenditure for the year includes £175k for rents paid to third party landlords before passing that rent on to FWCBS. Expenditure also includes interest costs on loans (£281k) as well as legal and professional, audit, accounting and insurance costs. The Foundation does not employ any staff.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

b. Reserves policy

Fair Ways Foundation reviews its' Reserves Policy regularly including an annual review by Trustees. The policy is structured such that the Foundation can maintain its' Reserves at a sufficient level to ensure long term financial sustainability including protection against the risks that have been identified.

This Reserves Policy sets out the target free reserves level between a minimum and maximum range and the key principles by which the Foundation will manage any excesses or deficits compared to the target. The aim is to strike the appropriate balance between ensuring a sustainable financial position and using the Foundation's funds to fulfil the charitable objectives.

Free reserves represent unrestricted general funds and so exclude endowment funds, restricted funds and funds that have been designated by Trustees. The free reserves also exclude any funds that could only be realised by disposing of fixed assets held for charitable use. For the purposes of this reserve policy, Fair Ways Foundation free reserves are identified as its total cash balances.

The Reserves Policy is aligned with the Foundation's Strategy approved by Trustees. This included recognition that the Foundation does not intend on making any significant grants in the foreseeable future.

In 2022/23 the policy was to maintain free reserves of between £215k and £429k. This target range was calculated as follows.

Free reserves element	6 - 12 months loan repayments
Purpose for reserve	To ensure that the Foundation can be confident of meeting its short-term loan obligations with Unity Bank.
Target amount £	Min £215k Max £429k

The minimum and maximum target range includes contingency for base rate increasing to 6% (current base rate is 5.25%).

The Foundation's actual cash reserves at 31 October 2023 was £200k. This was slightly below the target range. Should free reserves fall below the minimum target range, Trustees will consider options to increase free reserves. Options could include requesting that FWCBS accelerate their repayment of loans owed to Fairways Foundation. Other options could include increasing lease rentals charged to FWCBS, restructuring existing debt or selling properties. A balance would have to be struck between meeting the needs of FWCBS service users today and ensuring the long-term sustainability of the Foundation for the service users of tomorrow.

Should free reserves be above the maximum target range, Trustees may consider options to increase expenditure in line with its charitable objectives. This could include purchasing additional properties, developing existing properties or making grant awards to Fair Ways CBS.

c. Going concern

As explained on page 2, the Trustees expect to see the assets and liabilities of Fair Ways Foundation transfer to Fair Ways CBS during the financial year ending 31 October 2024. Therefore, the financial statements are prepared on a break up basis reflecting the realisation of the company's assets and discharge of its liabilities through to anticipated closure.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

d. Principal risks and uncertainties

The principal risks to the Charity, for the year in question are considered to be local authority cost constraints that could impact the services provided by FWCBS and the risk of damage to that 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 FWCBS's risk strategy.

Within the Charity the principal risk is considered to be the financial stability of the charity and ensure that the quality of the estate held remains fit for purpose.

e. Financial risk management objectives and policies

The Charity maintains a cautious policy of developing services and building reserves. During the year a new Reserves policy was adopted with an underlying principle to maintain an appropriate level of reserves in relation to recurring expenditure.

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, 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 of 3 years which can on election be extended for a further 3 and then a final 3 years.

c. Organisational structure and decision-making policies

The Trustees meet quarterly to review information prepared by management and other relevant documentation presented to them and make any decisions required.

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. Further opportunities for continuing professional development courses as a Trustee are also provided. In the year considerable work was undertaken to further develop the induction processes for new trustees.

e. Pay policy for Trustees

All Trustees give of their time freely and are not remunerated.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023

Structure, governance and management (continued)**f. Related party relationships**

The Charity has Trustees in common with, provides grants to, and owns premises operated by FWCBS, 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.

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

During 2023, the Trustees have considered the longer-term strategy for the charity.

The Trustees commissioned a detailed review to merge Fair Ways Foundation and FWCBS, on the basis that presenting the organisation as a single charity will avoid confusion in the target markets and provide better efficiencies and economies of scale.

Following the review the Trustees are of the opinion that the Charitable Objects of Fair Ways Foundation would be better achieved by the transfer of its Charitable Undertakings to FWCBS. This will result in all existing assets and liabilities being transferred.

Discussions are taking place with legal advisors, landlords and lenders and expectations are that such a transfer will be completed prior to 31 October 2024.

Engagement with employees and employment of the disabled

The Charity does not have any direct employees.

The Charity supports FWCBS equal opportunities policy and long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2023**

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 year which give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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 charitable group's auditors are 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 charitable group's auditors are aware of that information.

Auditors

The auditors, Azets Audit Services, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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



Ms A Segall

Chair

Date 9 May 2024

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR WAYS FOUNDATION

Opinion

We have audited the financial statements of Fair Ways Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 October 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, 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 Group's and of the parent charitable company's affairs as at 31 October 2023 and of the Group's incoming resources and application of resources, including 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.2 of the financial statements concerning the use of a basis of preparation other than on a going concern basis. The basis of preparation adopted reflects the companies' decision to cease the activities and to realise its assets and discharge its liabilities. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2.2.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR WAYS FOUNDATION (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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, except to the extent otherwise explicitly stated in our report, 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, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 and proper 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, the Trustees are responsible for the preparation of the financial statements which 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 Group's and the parent 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR WAYS FOUNDATION (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIR WAYS FOUNDATION (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' 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, the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services Limited

David Lawrence (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Ashcombe Court
Woolsack Way
Godalming
GU7 1LQ

Date: 29 May 2024

Azets Audit Services are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 OCTOBER 2023**

	Note	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:				
Donations and legacies	4	25	25	92
Investments	5	538,365	538,365	511,844
Other income		37	37	2,364
Total income		538,427	538,427	514,300
Expenditure on:				
Charitable activities	7	575,486	575,486	1,372,202
Total expenditure		575,486	575,486	1,372,202
Net movement in funds		(37,059)	(37,059)	(857,902)
Reconciliation of funds:				
Total funds brought forward		2,327,166	2,327,166	3,185,068
Net movement in funds		(37,059)	(37,059)	(857,902)
Total funds carried forward		2,290,107	2,290,107	2,327,166

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 17 to 32 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	401,702	451,915
Tangible assets	11	4,651,182	4,651,182
Investments	12	8	8
		<u>5,052,892</u>	<u>5,103,105</u>
Current assets			
Debtors	13	762,506	786,392
Cash at bank and in hand		263,978	355,552
		<u>1,026,484</u>	<u>1,141,944</u>
Creditors: amounts falling due within one year	14	(238,634)	(250,230)
Net current assets		<u>787,850</u>	<u>891,714</u>
Total assets less current liabilities		<u>5,840,742</u>	<u>5,994,819</u>
Creditors: amounts falling due after more than one year	15	(3,550,635)	(3,667,653)
Total net assets		<u><u>2,290,107</u></u>	<u><u>2,327,166</u></u>
Charity funds			
Unrestricted funds	17	2,290,107	2,327,166
Total funds		<u><u>2,290,107</u></u>	<u><u>2,327,166</u></u>

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



Ms A Segall
Chair
Date 9 May 2024

The notes on pages 17 to 32 form part of these financial statements.

CHARITY BALANCE SHEET
AS AT 31 OCTOBER 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	3,876,182	3,876,182
Investments	12	834,145	834,145
		<u>4,710,327</u>	<u>4,710,327</u>
Current assets			
Debtors	13	812,504	818,852
Cash at bank and in hand		199,996	273,180
		<u>1,012,500</u>	<u>1,092,032</u>
Creditors: amounts falling due within one year	14	(223,652)	(237,842)
Net current assets		<u>788,848</u>	<u>854,190</u>
Total assets less current liabilities		<u>5,499,175</u>	<u>5,564,517</u>
Creditors: amounts falling due after more than one year	15	(3,105,635)	(3,212,653)
Total net assets		<u>2,393,540</u>	<u>2,351,864</u>
Charity funds			
Unrestricted funds		2,393,540	2,351,864
Total funds		<u>2,393,540</u>	<u>2,351,864</u>

The Charity's net movement in funds for the year was £41,676 (2022 - £(833,204)).

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



Ms A Segall
Chair
Date 9 May 2024

The notes on pages 17 to 32 form part of these financial statements.

FAIR WAYS FOUNDATION

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2023**

	2023 £	2022 £
Cash flows from operating activities		
Net cash used in operating activities	367,101	(394,064)
Cash flows from investing activities		
Acquisition of subsidiary	-	(766,955)
Net cash provided by/(used in) investing activities	-	(766,955)
Cash flows from financing activities		
Repayments of borrowing	(177,626)	(107,477)
Interest paid	(281,049)	(168,782)
Net cash used in financing activities	(458,675)	(276,259)
Change in cash and cash equivalents in the year	(91,574)	(1,437,278)
Cash and cash equivalents at the beginning of the year	355,552	1,792,830
Cash and cash equivalents at the end of the year	263,978	355,552

The notes on pages 17 to 32 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

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 Building 1000, Western Road, Portsmouth, PO6 3EN.

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 2019), 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.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

2.2 Going concern

During the year Trustees progressed their plans to transfer the assets and liabilities of Fair Ways Foundation to Fair Ways Community Benefit Society which they aim to complete by 31 October 2024. Therefore the financial statements are prepared on a break up basis reflecting the realisation of the company's assets and discharge of its liabilities through to closure.

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.

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 Group 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

2. Accounting policies (continued)

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

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group'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 Intangible assets and amortisation

Goodwill generated at Group level represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of the identifiable assets and liabilities of the acquiree at the date of acquisition.

Goodwill is amortised on a straight-line basis to the consolidated statement of financial activities over its estimated useful economic life of ten years.

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.

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 basis:

Freehold property	- Nil
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

2. Accounting policies (continued)

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 Consolidated 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 Consolidated Statement of Financial Activities as a finance cost.

2.11 Financial instruments

The Group 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 Group 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 Group 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

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 Group and 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 2023 £	Total funds 2023 £
Donations	<u>25</u>	<u>25</u>

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Donations	<u>92</u>	<u>92</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

5. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £
Investment properties	<u>538,365</u>	<u>538,365</u>

	Unrestricted funds 2022 £	Total funds 2022 £
Investment properties	<u>511,844</u>	<u>511,844</u>

6. Analysis of grants

	Grants to Institutions 2023 £	Total funds 2023 £
Grants, Direct costs	-	-

	Grants to Institutions 2022 £	Total funds 2022 £
Grants, Direct costs	<u>730,000</u>	<u>730,000</u>

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Total 2023 £
Direct costs	<u>575,486</u>	<u>575,486</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

7. Analysis of expenditure on charitable activities (continued)

Summary by fund type (continued)

	<i>Unrestricted funds 2022 £</i>	<i>Total 2022 £</i>
Direct costs	<u>1,372,202</u>	<u>1,372,202</u>

8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Direct costs	<u>225,395</u>	<u>350,091</u>	<u>575,486</u>

	<i>Activities undertaken directly 2022 £</i>	<i>Grant funding of activities 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Direct costs	<u>170,263</u>	<u>730,000</u>	<u>471,939</u>	<u>1,372,202</u>

Analysis of direct costs

	Activities 2023 £	Total funds 2023 £
Other direct costs relating to rent (£175,182) and goodwill amortisation (£50,213)	<u>225,395</u>	<u>225,395</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

8. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	Activities 2022 £	Total funds 2022 £
Other direct costs	170,263	170,263

Analysis of support costs

	Activities 2023 £	Total funds 2023 £
Other support costs including £281,049 of loan interest	288,066	288,066
Governance costs	62,025	62,025
	350,091	350,091

	Activities 2022 £	Total funds 2022 £
Other support costs	411,919	411,919
Governance costs	60,020	60,020
	471,939	471,939

9. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	8,750	8,000
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	3,500	2,200

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

10. Intangible assets

Group

Goodwill
£

Cost

At 1 November 2022

502,128

At 31 October 2023

502,128

Amortisation

At 1 November 2022

50,213

Charge for the year

50,213

At 31 October 2023

100,426

Net book value

At 31 October 2023

401,702

At 31 October 2022

451,915

11. Tangible fixed assets

Group

Freehold
property
£

Cost or valuation

At 1 November 2022

4,651,182

At 31 October 2023

4,651,182

Net book value

At 31 October 2023

4,651,182

At 31 October 2022

4,651,182

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

11. Tangible fixed assets (continued)

Charity

	Freehold property £
Cost or valuation	
At 1 November 2022	3,876,182
At 31 October 2023	<u>3,876,182</u>
Depreciation	
At 1 November 2022 and 31 October 2023	<u>-</u>
Net book value	
At 31 October 2023	<u><u>3,876,182</u></u>
At 31 October 2022	<u><u>3,876,182</u></u>

12. Fixed asset investments

	Investments in subsidiary companies £
Group	
Cost or valuation	
At 1 November 2022 and 31 October 2023	<u><u>3,035,030</u></u>
Impairment	
At 1 November 2022 and 31 October 2023	<u><u>3,035,022</u></u>
Net book value	
At 31 October 2023	<u>8</u>
At 31 October 2022	<u><u>8</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

12. Fixed asset investments (continued)

Charity	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2022 and 31 October 2023	<u>3,869,167</u>
Impairment	
At 1 November 2022 and 31 October 2023	<u>3,035,022</u>
Net book value	
At 31 October 2023	<u>834,145</u>
At 31 October 2022	<u>834,145</u>

Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

Name	Company number	Country	Principal activity	Class of share	Holding
Catral Limited	07869713	England	Letting and operating of real estate	Ordinary	100%

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit for the year £	Net assets £
Catral Limited	57,537	(39,999)	17,538	329,002

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

13. Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Due within one year				
Amounts owed by group undertakings	-	-	50,038	32,500
Amounts owed by related parties	728,892	758,892	728,892	758,892
Other debtors	2,511	-	2,511	-
Called up share capital not paid	40	40	-	-
Prepayments and accrued income	31,063	27,460	31,063	27,460
	<u>762,506</u>	<u>786,392</u>	<u>812,504</u>	<u>818,852</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

14. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loans	156,811	217,419	146,811	207,419
Trade creditors	-	16,200	-	16,200
Amounts owed to group undertakings	-	878	-	-
Amounts owed to related parties	-	5,408	-	5,408
Other creditors	3,248	-	2,288	-
Accruals and deferred income	78,575	10,325	74,553	8,815
	<u>238,634</u>	<u>250,230</u>	<u>223,652</u>	<u>237,842</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

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

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Bank loans	<u>3,550,635</u>	<u>3,667,653</u>	<u>3,105,635</u>	<u>3,212,653</u>

Included within the above are amounts falling due as follows:

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
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Between one and two years

Bank loans	<u>1,151,663</u>	<u>670,726</u>	<u>1,141,663</u>	<u>215,726</u>
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Between two and five years

Bank loans	<u>1,542,144</u>	<u>1,656,162</u>	<u>1,107,144</u>	<u>1,656,162</u>
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Over five years

Bank loans	<u>856,828</u>	<u>1,340,765</u>	<u>856,828</u>	<u>1,340,765</u>
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The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Payable or repayable by instalments	456,522	643,778	456,522	643,778
Payable or repayable other than by instalments	400,306	696,987	400,306	696,987
	<u>856,828</u>	<u>1,340,765</u>	<u>856,828</u>	<u>1,340,765</u>

The bank loans are repayable over 10 years and interest is charged at bank base rate plus 3 - 4%. The 2022 bank loans repayable after more than 5 years have been restated from 2,296,700 to 1,340,765 as the loan maturity analysis was based on the loans being repayable over 25 years rather than their term of 10 years. The total 2022 bank loan creditor has not changed.

The bank loans have a fixed and floating charge over freehold property of the Group and Charity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

16. Financial instruments

	Group 2023 £	<i>Group 2022 £</i>	Charity 2023 £	<i>Charity 2022 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>266,529</u>	<u>355,552</u>	<u>205,207</u>	<u>273,180</u>
	Group 2023 £	<i>Group 2022 £</i>	Charity 2023 £	<i>Charity 2022 £</i>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>3,710,694</u>	<u>3,901,272</u>	<u>3,254,734</u>	<u>3,436,272</u>

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 loans.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

17. Statement of funds

Statement of funds - current year

	Balance at 1 November 2022 £	Income £	Expenditure £	Balance at 31 October 2023 £
Unrestricted funds				
General Funds – all funds	<u>2,327,166</u>	<u>538,427</u>	<u>(575,486)</u>	<u>2,290,107</u>

Statement of funds - prior year

	Balance at 1 November 2021 £	Income £	Expenditure £	Balance at 31 October 2022 £
Unrestricted funds				
General Funds - all funds	<u>3,185,068</u>	<u>514,300</u>	<u>(1,372,202)</u>	<u>2,327,166</u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	4,651,182	4,651,182
Intangible fixed assets	401,702	401,702
Fixed asset investments	8	8
Current assets	1,026,484	1,026,484
Creditors due within one year	(238,634)	(238,634)
Creditors due in more than one year	(3,550,635)	(3,550,635)
Total	<u>2,290,107</u>	<u>2,290,107</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	4,651,182	4,651,182
Intangible fixed assets	451,915	451,915
Fixed asset investments	8	8
Current assets	1,141,944	1,141,944
Creditors due within one year	(250,230)	(250,230)
Creditors due in more than one year	(3,667,653)	(3,667,653)
Total	2,327,166	2,327,166

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

	<i>Group 2023 £</i>	<i>Group 2022 £</i>
Net expenditure for the year (as per Statement of Financial Activities)	(37,059)	(857,902)
Adjustments for:		
Amortisation charges	50,213	-
Decrease in debtors	23,886	356,109
Increase/(decrease) in creditors	49,012	(61,053)
Interest paid	281,049	168,782
Net cash provided by/(used in) operating activities	367,101	(394,064)

20. Analysis of cash and cash equivalents

	<i>Group 2023 £</i>	<i>Group 2022 £</i>
Cash in hand	263,978	355,552
Total cash and cash equivalents	263,978	355,552

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2023**

21. Analysis of changes in net debt

	At 1 November 2022	Cash flows £	At 31 October 2023 £
	£		
Cash at bank and in hand	355,552	(91,574)	263,978
Debt due within 1 year	(217,419)	60,608	(156,811)
Debt due after 1 year	(3,667,653)	117,018	(3,550,635)
	<u>(3,529,520)</u>	<u>86,052</u>	<u>(3,443,468)</u>

22. Related party transactions

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

The Charity has Trustees in common with, provides grants to, and owns premises operated by Fair Ways Community Benefit Society, 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.

The Trustees were not paid or in receipt of any other benefits from employment with the Society or its subsidiary in the year. No Trustees were reimbursed for travel expenses and no trustees were reimbursed for IT costs in the current and prior year. No Trustee received payment for professional or other services supplied to the Society.