

Charity Registration No. 280428

Company Registration No. 1497558 (England and Wales)

THE SWEDISH FOLK HIGH SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THE SWEDISH FOLK HIGH SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	E Arnek B Forkman P Sanders N Wescombe
Secretary and Principal	A Thatcher
Charity number	280428
Company number	1497558
Registered office	Loxdale Locks Hill Portslade East Sussex BN41 2LA
Auditor	West & Berry Limited Mocatta House Trafalgar Place Brighton BN1 4DU

THE SWEDISH FOLK HIGH SCHOOL

CONTENTS

	Page
Trustees report	1 - 5
Statement of trustees responsibilities	6
Independent auditor's report	7 - 8
Statement of financial activities	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12 - 21

THE SWEDISH FOLK HIGH SCHOOL

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Please refer to Legal and Administrative Information page for charity statutory information.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The charity's main objective is the provision of high quality educational courses for foreign students. The policy continues to be to utilise the funds supplied by Folkhogskola Braheskolan and the charity's assets in the most efficient and effective manner for the benefit of the students.

The involvement of Folkhogskola Braheskolan enables the charity to concentrate on the education of the students. The charity also supplies conference and sports facilities to the local community.

The initial objectives of The Swedish Folk High School for the year were to:

- Continue to provide high quality educational courses for foreign students.
- Guard against a decline in student numbers through maintaining promotional activities.
- Improve management structures and staff training.
- Increase the income provided by closed courses through more promotion and marketing to approved international agents.
- Update the website with much more detailed information about our courses ready translations and for a concerted marketing campaign in 2020.
- Continue with, and improve, the Summer Young Learner course programme.
- Make considerable improvements to the buildings in terms of refurbishment.

However, with the onset of the Covid-19 pandemic in the UK, these had to be revised to become:

- To adapt and train staff with regards on online teaching so that we could continue to provide high quality educational courses for foreign students.
- Guard against a decline in student numbers through maintaining promotional activities.
- Keep in close contact with our existing agents to support them and keep aware of the world markets.
- Update the website with much more detailed information about our courses ready translations and for a concerted marketing campaign in 2021.

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

The charitable company's policy is to consult and discuss with employees matters likely to affect employees' interests.

Information of matters of concern to employees is given through regular meetings, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the charity.

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

THE SWEDISH FOLK HIGH SCHOOL

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Strategic report

The description under headings 'Achievements and performance' and 'Financial review' meet the company law requirements for the trustees to present a strategic report.

Achievements and performance

January saw a very successful Young Learner programme and a full British Council inspection. Over two and half days two inspectors visited hosts, interviewed staff and students, delved into all the paperwork relating to staff, safeguarding and courses, inspected the buildings, saw activities and observed all teachers twice on both the adult and Young Learner course.

In March we had the results to show that Loxdale English Centre/Swedish Folk High School achieved 12 out of a potential 15 strengths. This result puts Loxdale into the top 8% of all English language teaching providers in the UK. Later that year it would also mean that we were awarded use of the EL Gazette Centre of Excellence logo.

The effects of Covid-19 on the work of The Swedish Folk High School have been extreme and started with cancellations in January for February groups, even before cases were wide-spread in the UK. The three primary markets in the Spring for Young Learners are Italy, Spain and Japan. All of these markets felt the effects of Covid earlier than the UK.

Having seen how Covid was affecting the Far East in January/February, Loxdale moved quickly to start training their staff in online teaching techniques in February and early March. By the time the first Lockdown was announced, students had been forewarned and staff were ready so that there was no break in the teaching programme. Online social activities were developed so that students continued to be involved and social.

Although our existing students continued with their classes, all Young Learner groups were cancelled from February onwards, including the summer students.

Teachers continued teaching the adult students online but the timetable needed adjusting to fit the online teaching format. Also work had to be done to offer an online social programme and to support students with their mental health.

From the outset the Principal attended regular Health & Safety, Employment Law and Industry specific webinars and zoom meetings to ensure that all legislation was being adhered to and that SFHS was being as fair and considerate to staff and students.

The Swedish students who study at Loxdale continue to be from all social backgrounds including immigrants to Sweden, those with mild depression, autism or Asperger's, those with an incomplete secondary education, university students and mature students. Some have a range of mental health issues that can be exasperated by Lockdown periods.

During the year, the Principal had to keep up with changes to the various government schemes and employment laws, keep in regular contact with our regular agents/clients and design and promote a new range of online courses for children for the Summer months.

There were a few Young Learner students who also took part in the online Summer School. However, the online courses were a way to promote the school, keep teachers employed and expand teacher training. They did not make money.

We had a number of Swedish students studying online and in the classroom during the Autumn.

As all students had to have 14 days self-isolation on arrival and remain home if they had any symptoms, Loxdale organised for meals to be delivered to the students each day and took shopping orders and delivered these too.

THE SWEDISH FOLK HIGH SCHOOL

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Once the students were able to get into the classrooms at Loxdale, substantial changes had taken place to make the courses as Covid secure as possible. These changes included staggered class times, less students in each class, class dining rooms, one way system around the school, social distancing, masks in the communal areas, student information meetings, changes to the way students were taught so there was less movement in the classes and changes to the timetable structure so that students were not changing classes as much. The social programme was also amended so that we could continue to offer these but in a Covid safe way.

These changes meant that, although we had 4 cases of Covid during the Autumn, there was only one two-week period that we had to move to online teaching. The second Lockdown was also well managed, and students felt supported by the school.

Throughout the Autumn the Principal was also giving existing and new students advice about the arrangements for Brexit and its implications for them. She also had to organise for the Swedish Folk High School to have a European representative for Data Protection to comply with new Brexit legislation.

The Swedish Folk High School continues to be a committed member of the English UK Special Interest Group for Young Learners and has improved its procedures and policies for working with vulnerable adults and children. Anna Thatcher, Principal is on the Board. Anna Thatcher is still involved with Sussex Safeguarding, a dedicated Safeguarding Group for language schools in Brighton.

The charity has still managed to welcomed requests from various charities and members of the local community to use the sports hall and conference facilities at discounted rates.

Plans for the future include continual improvement to the school and the courses offered.

Financial review

The statement of Financial Activities shows a net loss of £63,810 (2019: £50,482 net income), total reserves stand at £1,064,966 (2019: £1,128,776) and free reserves at £33,819 (2019: £83,369).

The principal sources of income are the educational grant from Folkhogskola Braheskolan supplemented by conference, rental, the Summer School, non-Swedish students and closed group income.

The expenditure during the year continued to be applied to staff costs and the premises running costs, supporting the objectives. The charity has continued to improve upon the refurbishment and decoration of the buildings to create a better environment for both staff and students.

The present level of funding is considered adequate to support the continuation of The Swedish Folk High School and the trustees consider that the financial position of the charity is satisfactory.

The effect of Covid had a disastrous result on the number of student weeks and the income. In 2019 Loxdale English Centre had a total of 3819 student weeks and in 2020 this was 1343. In 2020 we also had £575,031 less income than in 2019.

From the start of the pandemic the Principal and Accounts Manager had to react quickly to maintain cashflow for the school, cancelling any possible supplier contracts, pausing any that could not be and prioritising those that could not be changed. The Principal also made sure that refunds were given to any clients who had paid deposits for Spring or Summer courses.

The Principal also applied for any grants that might possibly be given to the school by the government or local council. Rates relief was granted to SFHS from April 20/April 21 and Loxdale was awarded a £10,000 Brighton & Hove grant.

A cause of concern to the management was the issue of staffing, protecting vulnerable staff and being able to keep staff employed during the Lockdown and beyond. The week before Lockdown started, SFHS had to make their Caretaker redundant as the Principal could not foresee a need for one over the next 10 to 14 months.

THE SWEDISH FOLK HIGH SCHOOL

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Most of the remaining staff were put onto the Government Job Retention Scheme, also known as furlough scheme. This was an incredible help to the charity in being able to keep our staff employed. Initially this meant that those staff could not do any other work, so the Accounts Manager, Principal and Director of Studies performed a range of roles outside of their normal work to support the school.

To ensure that SFHS could use the Furlough Scheme the Principal had to make sure that all new and existing Employment laws were adhered to and the Accountants were given all the information they needed to calculate the salary payments.

During the Summer, a government Coronavirus Business Interruption Loan became available and Loxdale borrowed £50,000 to bolster cashflow reserves in the long-term.

At this time, the furlough scheme also changed to allow for part-time work which was a help. All staff were remarkable in helping out with all kinds of jobs including cleaning the rooftops to stop flooding, picking up rubbish, clearing out guttering.

Unfortunately in August, it was felt that two more staff had to be taken off the furlough scheme as there was no chance of their jobs existing for at least 8 to 12 months.

During the Autumn, all staff had a consultation and change to their contracts to allow for shorter-working hours or temporary unpaid lay-off should Loxdale be unable to provide work for a second summer and need to preserve cashflow if the furlough scheme does not extend past the end of April 2021.

The Principal and Accounts Manager continue to ensure that cashflow is not an immediate issue for the school with regular updates to the Board about the current situation and forecasts. There was discussion in the September Board meeting about what would happen if Loxdale needed more cashflow or support after April 2021. Loxdale is confident that the 2022 market will be a strong recovery period and the Board confirmed that their parent company, FU, is in a strong financial situation and this should serve as a guarantee. There is no threat to Loxdale's continued work over the next year. However, the Principal continues to monitor the situation closely and if a loan from FU or a bank is needed, this will be discussed in good time.

The trustees believe that maintaining reserves at current levels will provide sufficient resources in the event of further adverse conditions.

Much of the surpluses from the past three years had been put away into savings accounts by the charity in order to do some larger building work/restoration projects in 2021 and for emergencies but SFHS did not want to use this until absolutely necessary.

Organisational controls include an annual review of the controls over key financial systems.

The trustees have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Structure, governance and management

The charitable company is a company limited by guarantee and is therefore governed by its memorandum and articles of association.

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

E Arnek
B Forkman
P Sanders
N Wescombe

THE SWEDISH FOLK HIGH SCHOOL

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Company Memorandum & Articles state that one-third of the directors must resign each year but each can be eligible for re-election should he/she and the Board wish it.

In accordance with the charity's procedures, new trustees, with an interest in the marketing and success of the charity are nominated by Stiftelsen Braheskolan. They are inducted and supported by the Chairman. The trustees are currently looking to elect one more person to the Board.

The trustees meet at least four times a year to manage the charity's affairs. At these meetings the current situation is discussed, along with the marketing process, financial position, major maintenance issues and funding. The Principal makes the day-to-day decisions in running the school and meets with one or more of the Board to discuss marketing and major financial decisions at various times. Key management remuneration is set by the Trustees.

The charity receives grant income from Folkhogskola Braheskolan on a monthly basis.

The trustees consider that the major risk to which the charity is exposed is a reduction in grant funding. However, the increase in the number of international students, closed course income and the development of the summer young learner courses are considered sufficient to mitigate this risk.

Auditor

In accordance with the company's articles, a resolution proposing that West & Berry Limited be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

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

The trustees report was approved by the Board of Trustees.

Peter Sanders

P Sanders

Trustee

Dated: 23 February 2021

Nick Wescombe

N Wescombe

Trustee

Dated: 23 February 2021

THE SWEDISH FOLK HIGH SCHOOL

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SWEDISH FOLK HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE SWEDISH FOLK HIGH SCHOOL

Opinion

We have audited the financial statements of The Swedish Folk High School (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the statement of financial position, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, 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 our audit:

- the information given in the trustees report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees report has been prepared in accordance with applicable legal requirements.

THE SWEDISH FOLK HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE SWEDISH FOLK HIGH SCHOOL

Matters on which we are required to report by exception

In the 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 directors' report included within 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

West & Berry Limited

Michelle Westbury FCCA (Senior Statutory Auditor)
for and on behalf of West & Berry Limited

23/02/2021

Chartered Certified Accountants
Statutory Auditor

Mocatta House
Trafalgar Place
Brighton
BN1 4DU

THE SWEDISH FOLK HIGH SCHOOL

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

	Notes	Unrestricted funds 2020 £	Unrestricted funds 2019 £
<u>Income and endowments from:</u>			
Grants	3	281,847	250,216
Charitable activities	4	104,269	770,196
Investments	5	33,069	50,623
Government grants	6	76,819	-
Total income		496,004	1,071,035
<u>Expenditure on:</u>			
Charitable activities	7	559,814	1,020,553
Net (expenditure)/income for the year/ Net movement in funds		(63,810)	50,482
Fund balances at 1 January 2020		1,128,776	1,078,294
Fund balances at 31 December 2020		1,064,966	1,128,776

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

All income and expenditure derive from continuing activities.

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

THE SWEDISH FOLK HIGH SCHOOL

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10		1,031,147		1,045,407
Current assets					
Debtors	11	104,823		99,776	
Cash at bank and in hand		182,536		244,027	
		<u>287,359</u>		<u>343,803</u>	
Creditors: amounts falling due within one year	13	(109,794)		(163,726)	
Net current assets			177,565		180,077
Total assets less current liabilities			1,208,712		1,225,484
Creditors: amounts falling due after more than one year	14		(143,746)		(96,708)
Net assets			<u>1,064,966</u>		<u>1,128,776</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	17	-		15,145	
General unrestricted funds		983,541		1,032,206	
Revaluation reserve		81,425		81,425	
		<u>1,064,966</u>		<u>1,128,776</u>	
		<u>1,064,966</u>		<u>1,128,776</u>	

The financial statements were approved by the Trustees on 23 February 2021

Peter Sanders

P Sanders
Trustee

Nick Wescombe

N Wescombe
Trustee

Company Registration No. 1497558

THE SWEDISH FOLK HIGH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	20		(145,782)		135,734
Investing activities					
Purchase of tangible fixed assets		(407)		(17,989)	
Proceeds on disposal of tangible fixed assets		2,820		-	
Investment income received		33,069		50,623	
Net cash generated from investing activities			35,482		32,634
Financing activities					
Proceeds of new bank loans		50,000		-	
Repayment of bank loans		(1,191)		(13,082)	
Net cash generated from/(used in) financing activities			48,809		(13,082)
Net (decrease)/increase in cash and cash equivalents			(61,491)		155,286
Cash and cash equivalents at beginning of year			244,027		88,741
Cash and cash equivalents at end of year			182,536		244,027

THE SWEDISH FOLK HIGH SCHOOL

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

1 Accounting policies

Charity information

The Swedish Folk High School is a private company limited by guarantee incorporated in England and Wales. The registered office is Loxdale, Locks Hill, Portslade, East Sussex, BN41 2LA.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The accounts comply with FRS 102.

1.2 Going concern

The trustees have a reasonable expectation that the charity will continue in operational existence for the foreseeable future, however, due to the impact of COVID-19 the trustees are aware of certain uncertainties which may cause doubt on the charity's ability to continue as a going concern but agree that mitigating actions taken including the availability of finance are judged sufficient that the accounts should be prepared on the basis of going concern.

1.3 Charitable funds

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

The charity has established a designated fund as a reserve to protect against industry downturn, perform emergency repair work, or other uses at the discretion of the trustees. The fund shall equate to 30% of annual profits.

1.4 Income

Grant and rental income are included on a receivable basis. Course fees received in advance are deferred.

Funds received as Agent relating to accommodation are not recognised in the accounts.

Government grants are recognised when the charity becomes entitled to receive the grant.

1.5 Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis inclusive of any VAT which cannot be recovered.

Charitable expenditure are expenses incurred directly in pursuance of the charity's principal activity and support costs relating to this activity.

THE SWEDISH FOLK HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Support costs are those incurred in connection with running the charity that enables the charitable activity to be undertaken.

Governance costs are those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

1.6 Tangible fixed assets

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

The Charity has a policy of capitalising fixed assets that cost in excess of £250.

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

Freehold land and buildings	zero
Plant and equipment	25% reducing balance
Motor vehicles	25% reducing balance

No depreciation is provided in respect of freehold land and buildings. The Charity has a policy of high maintenance of the building and the trustees feel that this leads to a high residual value such that depreciation would not be material.

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1.9 Financial instruments

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

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

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

Basic financial assets

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

THE SWEDISH FOLK HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

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

1.10 Employee benefits

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

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

1.11 Retirement benefits

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

1.12 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoings resources.

1.13 Funds

The funds of the charity are all unrestricted.

1.14 Value added tax

Value added tax is not recovered by the charity and as such is included in the relevant costs in the Statement of Financial Activities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

THE SWEDISH FOLK HIGH SCHOOL

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

3 Grants

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Grants Receivable	281,847	250,216

4 Charitable activities

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Incoming resources from charitable activities	104,269	770,196

Funds received as agent not recognised in the accounts £101,070 (2019: £458,405)

5 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Rental Income	33,069	50,623

6 Government grants

	Unrestricted funds	Total
	2020	2019
	£	£
Government grants	76,819	-

THE SWEDISH FOLK HIGH SCHOOL

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

6 Charitable activities

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Staff costs	336,263	457,247
Depreciation and impairment	10,382	15,136
Commission and discounts	6,016	31,169
Material / library / student	52,211	271,590
Sport hall costs	14	1,014
Staff canteen / welfare / entertainment	4,635	9,300
Building costs	75,782	112,872
Marketing costs	11,503	21,035
Bus passes	2,010	28,400
Other administration costs - main	34,146	45,136
Representation / British Council	5,941	5,631
Subscriptions and professional fees	2,163	1,590
Bank charges	1,110	2,984
Loan interest	6,561	4,308
Loss on disposal of tangible fixed assets	1,464	1,028
	<u>550,201</u>	<u>1,008,440</u>
Share of governance costs (see note)	9,613	12,113
	<u>559,814</u>	<u>1,020,553</u>

Governance costs include payments to the auditors for audit fees of £5,200 (2019: £5,200) and non-audit fees £4,100 (2019: £4,100)

Included in expenditure above are operating lease payments of £3,456 (2019: £3,456)

Support costs are costs incurred to facilitate an activity. Unlike direct costs, which result directly from undertaking the activity. All costs above relate directly to the one activity of running of the school, support costs including payroll and finance are not considered material to disclose separately as support costs.

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. Furthermore no expenses were reimbursed to the trustees during the current or prior year.

THE SWEDISH FOLK HIGH SCHOOL

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

9 Employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Administrative	7	7
Teaching	10	18
Premises	2	3
Total	19	28

Employment costs	2020 £	2019 £
Wages and salaries	307,508	420,261
Social security costs	18,831	26,987
Other pension costs	9,924	9,999
	336,263	457,247

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

10 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2020	1,000,000	181,139	19,320	1,200,459
Additions	-	407	-	407
Disposals	-	-	(6,700)	(6,700)
At 31 December 2020	1,000,000	181,546	12,620	1,194,166
Depreciation and impairment				
At 1 January 2020	-	144,223	10,829	155,052
Depreciation charged in the year	-	9,331	1,052	10,383
Eliminated in respect of disposals	-	-	(2,416)	(2,416)
At 31 December 2020	-	153,554	9,465	163,019
Carrying amount				
At 31 December 2020	1,000,000	27,992	3,155	1,031,147
At 31 December 2019	1,000,000	36,916	8,491	1,045,407

THE SWEDISH FOLK HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Tangible fixed assets

(Continued)

On adoption of FRS 102 the deemed cost exemption was applied to land and buildings with a carrying value of £1,000,000.

At the 31 December 2020, had the revalued assets been carried at historical cost less accumulated depreciation and accumulated impairment losses, their carrying amounts would have been approximately £918,575 (2019: £918,575).

11 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	62,137	52,629
Other debtors	8,780	12,000
Prepayments and accrued income	33,906	35,147
	<u>104,823</u>	<u>99,776</u>

12 Loans and overdrafts

	2020 £	2019 £
Bank loans	<u>159,068</u>	<u>110,259</u>
Payable within one year	15,322	13,551
Payable after one year	<u>143,746</u>	<u>96,708</u>

The long-term loans are secured by fixed charges over the freehold land and building.

13 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	12	15,322	13,551
Other taxation and social security		5,170	7,651
Deferred income	15	54,802	95,091
Trade creditors		20,370	12,919
Other creditors		1,288	6,809
Accruals and deferred income		12,842	27,705
		<u>109,794</u>	<u>163,726</u>

THE SWEDISH FOLK HIGH SCHOOL

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

14 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	12	143,746	96,708

15 Deferred income

	2020 £	2019 £
Arising from course fees	54,802	95,091

16 Retirement benefit schemes

Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charitable company to the fund.

The charge to profit or loss in respect of defined contribution schemes was £9,924 (2019: £9,999). The amount due to the pension scheme at the balance sheet date £836 (2019: £1,036).

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds 2019			Movement in funds 2020		
	Allocation from general reserves	Resources expended	Transfers	Balance at 1 January 2020	Resources expended	Balance at 31 December 2020
	£	£	£	£	£	£
Designated Fund	18,333	(18,333)	15,145	15,145	(15,145)	-
	18,333	(18,333)	15,145	15,145	(15,145)	-

THE SWEDISH FOLK HIGH SCHOOL

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

17 Designated funds

(Continued)

18 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	3,456	3,456
Between two and five years	2,592	5,184
	<u>6,048</u>	<u>8,640</u>

19 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>54,700</u>	<u>55,220</u>

Trustees

There are no related party transactions with any trustees for both the current and prior year.

20 Cash generated from operations

	2020 £	2019 £
(Deficit)/surplus for the year	(63,810)	50,482
Adjustments for:		
Investment income recognised in statement of financial activities	(33,069)	(50,623)
Loss on disposal of tangible fixed assets	1,464	1,028
Depreciation and impairment of tangible fixed assets	10,382	15,135
Movements in working capital:		
(Increase)/decrease in debtors	(5,047)	118,474
(Decrease)/increase in creditors	(15,413)	33,286
(Decrease) in deferred income	(40,289)	(32,048)
Cash (absorbed by)/generated from operations	<u>(145,782)</u>	<u>135,734</u>

THE SWEDISH FOLK HIGH SCHOOL

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

21 Analysis of changes in net funds

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	244,027	(61,491)	182,536
Loans falling due within one year	(13,551)	(1,771)	(15,322)
Loans falling due after more than one year	(96,708)	(47,038)	(143,746)
	<u>133,768</u>	<u>(110,300)</u>	<u>23,468</u>