

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 2021

THE SWEDISH FOLK HIGH SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	P Sanders	
	N Wescombe	
	R Danielsson	(Appointed 23 February 2021)
	E Ingvarsson	(Appointed 23 February 2021)
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

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THE SWEDISH FOLK HIGH SCHOOL

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

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

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's 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)" (effective 1 January 2019).

Objectives and activities

The school was established for the advancement, promotion and furtherance of public education.

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

- Continue to provide high quality educational courses for foreign students, online when necessary.
- Guard against a decline in student numbers through maintaining promotional activities.
- Maintain contacts with existing agents around the world and partners with accurate information about what is happening in the UK regarding Brexit and the Covid restrictions. Also, to encourage them to promote our closed courses and international adult and Young Learner courses when their markets open up after the Covid pandemic.
- Refresh our website and marketing information ready for concerted promotions in 2022.
- Improve in-house written resources and material ready for improved student numbers in 2022.

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.

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.

THE SWEDISH FOLK HIGH SCHOOL

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

Achievements and performance

It seemed as though we were going to be able to start the term as normal in January 2021 when another Lockdown was announced. Due to the excellent communication preparation and training that our staff had had, our students quickly settled into the online classes and school online organised activities.

Due to our high British Council scores, Loxdale was told that we were still in the top 8% of all English language teaching providers in the UK. We were awarded use of the EL Gazette Centre of Excellence logo.

The effects of Covid-19 continued to affect the work of The Swedish Folk High School. The Covid situation around the world did not improve and meant that Loxdale did not receive any closed groups for the whole year and had very few international adult students.

Instead of having to make further staff redundant, the school did not replace office staff when they gave notice and other staff picked up the work. Non-teaching staff have been wonderful in diversifying the work that they were supposed to do to support the charity's work, pitching in to help with caretaking and social duties and other administration duties.

The principal also continued to attend 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 the Lockdown periods and uncertainty and the school continued to provide monthly counselling sessions, support them through regular meetings and tutorials and individualising support when needed.

During the year, the principal kept up with changes to the various government schemes and employment laws and kept in regular contact with our regular agents/clients.

There were various rules throughout the year about what students had to do in the first days on their arrival in the UK and the level of self-isolation needed. The principal kept students regularly informed and supported them during these periods. Loxdale organised for meals to be delivered to the students each day, took shopping orders, and delivered these too.

The school also made sure students had lateral flow tests during the course to spot any cases of Covid early.

Throughout the year, Loxdale regularly amended their Covid procedures in accordance with both the government recommendations and the situation locally in Brighton & Hove. At various times of the year, these have 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 minimised infections and meant that we didn't have to close the school at any time in 2021 apart from the initial government Lockdown in January/February.

Through renting out bedrooms on site, the school also managed to create a new temporary income stream. Staff also adapted to set up and care for these 3 to 4 students.

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

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 and organises training session for this group. Anna Thatcher is still involved with Sussex Safeguarding, a dedicated Safeguarding Group for language schools in Brighton.

The charity has still managed to welcome 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. The situation is looking more positive for 2022 including the start of a Chilean Young Learner course in January 2022. Summer 2022 bookings have also started to come in.

Financial review

The statement of Financial Activities shows a net income of £22,512 (2020: £63,810 net loss), total reserves stand at £1,087,478 (2020: £1,064,966) and free reserves at £64,118 (2020: £33,819).

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 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 continued effect of Covid meant that the number of student weeks did not greatly improve in 2021. However, despite this and mostly due to the income from onsite accommodation rental and staff consolidation, Loxdale managed to secure a profit for the year. In 2021 Loxdale English Centre had a total of 1471 student weeks. (2020: 1343 student weeks, 2019: 3819 student weeks).

The Principal and Accounts Manager continue to work together to react quickly to maintain cashflow for the school, cancelling/changing any possible supplier contracts and limiting all but essential purchases.

The Swedish Folk High School was also able to use 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 between January and September 2021. The principal also applied for any grants that might possibly be given to the school by the government or local council.

As in 2020, 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.

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.

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

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	(Resigned 23 February 2021)
B Forkman	(Resigned 23 February 2021)
P Sanders	
N Wescombe	
R Danielsson	(Appointed 23 February 2021)
E Ingvarsson	(Appointed 23 February 2021)

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.



P Sanders
Trustee



N Wescombe
Trustee

24 February 2022

THE SWEDISH FOLK HIGH SCHOOL

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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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.

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the charity and the sector in which it operates. We determined that the following laws and regulations were most significant: the Charities Act 2011 and the Companies Act 2006.
- We obtained an understanding of how the charity is complying with the legal and regulatory frameworks by making inquiries to management.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE SWEDISH FOLK HIGH SCHOOL

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with the relevant laws and regulations.

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.

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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

West & Berry Ltd

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

24 February 2022

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 2021

		Unrestricted funds 2021 £	Unrestricted funds 2020 £
	Notes		
<u>Income and endowments from:</u>			
Grants	3	262,110	281,847
Charitable activities	4	90,907	104,269
Investments	5	27,740	33,069
Government grants	6	71,719	76,819
Total income		<u>452,476</u>	<u>496,004</u>
<u>Expenditure on:</u>			
Charitable activities	7	<u>429,964</u>	<u>559,814</u>
Net income/(expenditure) for the year/ Net movement in funds		22,512	(63,810)
Fund balances at 1 January 2021		<u>1,064,966</u>	<u>1,128,776</u>
Fund balances at 31 December 2021		<u><u>1,087,478</u></u>	<u><u>1,064,966</u></u>

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

All income and expenditure derive from continuing activities.

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

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STATEMENT OF FINANCIAL POSITION

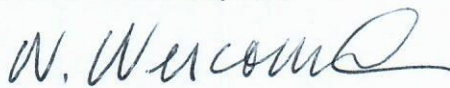
AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		1,023,360		1,031,147
Current assets					
Debtors	11	165,827		104,823	
Cash at bank and in hand		271,293		182,536	
		437,120		287,359	
Creditors: amounts falling due within one year	13	(207,318)		(109,794)	
Net current assets			229,802		177,565
Total assets less current liabilities			1,253,162		1,208,712
Creditors: amounts falling due after more than one year	14		(165,684)		(143,746)
Net assets			1,087,478		1,064,966
Income funds					
<u>Unrestricted funds</u>					
General unrestricted funds		1,006,053		983,541	
Revaluation reserve		81,425		81,425	
			1,087,478		1,064,966
			1,087,478		1,064,966

The financial statements were approved by the Trustees on 24 February 2022



P Sanders
Trustee



N Wescombe
Trustee

Company Registration No. 1497558

THE SWEDISH FOLK HIGH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		30,758	(145,782)	
Investing activities					
Purchase of tangible fixed assets		-		(407)	
Proceeds on disposal of tangible fixed assets		-		2,820	
Investment income received		27,740		33,069	
Net cash generated from investing activities			27,740		35,482
Financing activities					
Proceeds of new bank loans		90,000		50,000	
Repayment of bank loans		(59,741)		(1,191)	
Net cash generated from financing activities			30,259		48,809
Net increase/(decrease) in cash and cash equivalents			88,757		(61,491)
Cash and cash equivalents at beginning of year			182,536		244,027
Cash and cash equivalents at end of year			271,293		182,536

THE SWEDISH FOLK HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 charity's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 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. In normal years the fund shall equate to 30% of the annual surplus. Due to the difficult conditions created by the COVID-19 pandemic no amount has been transferred to this reserve for 2021.

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.

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

1 Accounting policies

(Continued)

1.5 Expenditure

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

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

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.

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	2% straight line (where above residual value)
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 the statement of financial activities.

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

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

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

1 Accounting policies

(Continued)

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.

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.

THE SWEDISH FOLK HIGH SCHOOL

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

1 Accounting policies

(Continued)

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.

3 Grants

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Grants Receivable	262,110	281,847

4 Charitable activities

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Incoming resources from charitable activities	90,907	104,269

Funds received as agent not recognised in the accounts £114,109 (2020: £101,070)

THE SWEDISH FOLK HIGH SCHOOL

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

5 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Rental Income	27,740	33,069
	<u> </u>	<u> </u>

6 Government grants

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Government grants	71,719	76,819
	<u> </u>	<u> </u>

During the year the charity received grants under the Governments Coronavirus Job Retention Scheme. Additionally the local authority provided Coronavirus grant funding under the scheme for small businesses.

THE SWEDISH FOLK HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Charitable activities

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Staff costs	267,966	336,263
Depreciation and impairment	7,787	10,382
Commission and discounts	2,048	6,016
Material / library / student	52,682	52,211
Sport hall costs	-	14
Staff canteen / welfare / entertainment	4,180	4,635
Building costs	44,183	75,782
Marketing costs	7,084	11,503
Bus passes	16	2,010
Other administration costs - main	19,837	34,146
Representation / British Council	3,708	5,941
Subscriptions and professional fees	2,401	2,163
Bank charges	970	1,110
Loan interest	7,423	6,561
Loss on disposal of tangible fixed assets	-	1,464
	<u>420,285</u>	<u>550,201</u>
Share of governance costs (see note)	9,679	9,613
	<u>429,964</u>	<u>559,814</u>

Governance costs include payments to the auditors for audit fees of £5,200 (2020: £5,200) and non-audit fees £4,100 (2020: £4,100)

Included in expenditure above are operating lease payments of £3,456 (2020: £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 2021

9 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Administrative	4	7
Teaching	6	10
Premises	2	2
Total	12	19

Employment costs

	2021 £	2020 £
Wages and salaries	246,743	307,508
Social security costs	12,983	18,831
Other pension costs	8,240	9,924
	267,966	336,263

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

10 Tangible fixed assets

	Freehold land and buildings £	Plant and Motor vehicles equipment £	£	Total £
Cost				
At 1 January 2021	1,000,000	181,546	12,620	1,194,166
At 31 December 2021	1,000,000	181,546	12,620	1,194,166
Depreciation and impairment				
At 1 January 2021	-	153,554	9,465	163,019
Depreciation charged in the year	-	6,998	789	7,787
At 31 December 2021	-	160,552	10,254	170,806
Carrying amount				
At 31 December 2021	1,000,000	20,994	2,366	1,023,360
At 31 December 2020	1,000,000	27,992	3,155	1,031,147

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 2021, 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 (2020: £918,575).

THE SWEDISH FOLK HIGH SCHOOL

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

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	139,323	62,137
Other debtors	9,017	8,780
Prepayments and accrued income	17,487	33,906
	<u>165,827</u>	<u>104,823</u>

12 Loans and overdrafts

	2021 £	2020 £
Bank loans	189,327	159,068
Payable within one year	23,643	15,322
Payable after one year	165,684	143,746
Amounts included above which fall due after five years:		
Payable by instalments	34,755	48,886

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

13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	12	23,643	15,322
Other taxation and social security		3,923	5,170
Deferred income	15	153,978	54,802
Trade creditors		4,066	20,370
Other creditors		1,499	1,288
Accruals		20,209	12,842
		<u>207,318</u>	<u>109,794</u>

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	12	165,684	143,746

THE SWEDISH FOLK HIGH SCHOOL

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

15 Deferred income

	2021 £	2020 £
Arising from course fees	153,978	54,802

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 £8,240 (2020: £9,924). The amount due to the pension scheme at the balance sheet date £681 (2020: £836).

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:

	2020			2021		
	Balance at 1 January 2020	Allocation from general reserves	Resources expended	Balance at 1 January 2021	Allocation from general reserves	Balance at 31 December 2021
	£	£	£	£	£	£
Designated Fund	15,145	-	(15,145)	-	-	-
	<u>15,145</u>	<u>-</u>	<u>(15,145)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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:

	2021 £	2020 £
Within one year	1,728	3,456
Between two and five years	-	2,592
	<u>1,728</u>	<u>6,048</u>

THE SWEDISH FOLK HIGH SCHOOL

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

19 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	54,713	54,700

Trustees

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

20 Cash generated from operations

	2021 £	2020 £
Surplus/(deficit) for the year	22,512	(63,810)
Adjustments for:		
Investment income recognised in statement of financial activities	(27,740)	(33,069)
(Gain)/loss on disposal of tangible fixed assets	-	1,464
Depreciation and impairment of tangible fixed assets	7,787	10,382
Movements in working capital:		
(Increase) in debtors	(61,004)	(5,047)
(Decrease) in creditors	(9,973)	(15,413)
Increase/(decrease) in deferred income	99,176	(40,289)
Cash generated from/(absorbed by) operations	30,758	(145,782)

21 Analysis of changes in net funds

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	182,536	88,757	271,293
Loans falling due within one year	(15,322)	(8,321)	(23,643)
Loans falling due after more than one year	(143,746)	(21,938)	(165,684)
	<u>23,468</u>	<u>58,498</u>	<u>81,966</u>