

Charity Registration No. 307024

Company Registration No. 00543113 (England and Wales)

**FARNEY CLOSE SCHOOL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

# FARNEY CLOSE SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	J E Bowry S Deane M Gibrill C Johns N M S G Bartholomew Mr S T Lashley	(Appointed 14 February 2021)
<b>Charity number</b>	307024	
<b>Company number</b>	00543113	
<b>Registered office and principal address</b>	Bolney Court Crossways Bolney Haywards Heath West Sussex RH17 5RD	
<b>Auditor</b>	TC Group The Courtyard Shoreham Road Upper Beeding Steyning West Sussex BN44 3TN	
<b>Accountant</b>	Moore (South) LLP 9st Johns Place Newport Isle of Wight PO30 1LH	
<b>Bankers</b>	NatWest Bank Plc 1 Muster Green Haywards Heath West Sussex RH16 4AP	

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# FARNEY CLOSE SCHOOL LIMITED

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# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees present their report and the audited financial statements of the Charity for the year ended 31 August 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity. This report meets the requirements for the Directors and Strategic Report, as required by Company Law.

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 articles of association.

### **STRATEGIC REPORT: OBJECTIVES, AIMS AND ACTIVITIES**

Farney Close School is an independent special school with charitable status for boys and girls aged 9 to 18 years, who have social, emotional and mental health needs (SEMH) or associated needs such as Autism, Asperger or Tourette's Syndrome, moderate learning difficulties, dyslexia or moderate speech and language difficulties.

The majority of our pupils are residential Monday to Friday during term time with others attending on a daily basis.

Our key objectives are to:

- Provide an academic, vocational and socially learning environment that supports children and young people to achieve economic wellbeing, and to be able to make a positive contribution to their family, the local community and to society in general.
- Promote a positive sense of personal wellbeing amongst young people.
- Provide children and young people with a full entitlement to the National Curriculum and a range of examination subjects at a level that match their abilities and intellectual/cognitive capacity.
- Provide young people with a package of care that supports and develops their emotional maturity and social needs.
- Provide young people with a range of vocational opportunities to support a successful transition into the work-related environment.
- Maintain the sustainability of the school through:
  - Positive inspection and monitoring reports,
  - Managed, responsible fee setting,
  - High quality resources and accommodation,
  - Regular quality staff training and professional development,
  - Conducting quality assurance exercises and maintain appropriate data to inform planning.



# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **What are the schools aims?**

The school's aim is to provide educational and social development opportunities for boys and girls aged 9 -18 who, as of the institution of the Children & Families Act 2014, have an Education, Health & Care Plan for Social, Emotional and Mental Health or associated needs. All young people who attend the school are referred to the school by a range of Local Authorities across the South and Southeast of England. Our vision and aims are as follows:

### **VISION STATEMENT**

At Farney Close we strive for all our children and young people to meet their full academic, social, emotional and physical potential through building solid foundations during this chapter in their lifelong learning journey.

### **VALUES DRIVEN AIMS**

Our vision for Farney Close School is underpinned by a set of values-based aims which we endeavour to live out each and every day.

<b>WE VALUE</b>	<b>WE AIM TO</b>
<b>LEARNING</b>	<ul style="list-style-type: none"><li>• Create nurturing, challenging and empowering learning opportunities for children, young people, staff and parents</li></ul>
<b>INCLUSION</b>	<ul style="list-style-type: none"><li>• Offer a broad, balanced curriculum that is relevant and accessible for all children and young people.</li></ul>
<b>ACHIEVEMENT</b>	<ul style="list-style-type: none"><li>• Celebrate the achievements and successes of each individual</li></ul>
<b>COMMUNICATION</b>	<ul style="list-style-type: none"><li>• Ensure everyone has a voice and their contribution is valued</li></ul>
<b>RESPONSIBILITY</b>	<ul style="list-style-type: none"><li>• Secure the accountability of all through distributive leadership, rigorous monitoring and evaluation</li></ul>
<b>REFLECTION</b>	<ul style="list-style-type: none"><li>• Improve future performance through the continuous evaluation of our practice</li></ul>
<b>CREATIVITY</b>	<ul style="list-style-type: none"><li>• Think outside the box and try new ideas to continuously raise standards</li></ul>
<b>COMMUNITY</b>	<ul style="list-style-type: none"><li>• Foster positive working relationships with parents, multi-agency professionals and the local community</li></ul>
<b>DIVERSITY</b>	<ul style="list-style-type: none"><li>• Promote tolerance and respect for individual differences, abilities, needs and beliefs</li></ul>
<b>WELL-BEING</b>	<ul style="list-style-type: none"><li>• Create a safe, caring environment in which everyone is healthy, happy and ready to learn</li></ul>
<b>TRANSITION</b>	<ul style="list-style-type: none"><li>• Equip children, young people and families with the knowledge, skills, independence and resilience to face future challenges</li></ul>

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Our Ethos, Strategy and Policies**

The charity aims to meet its objectives by carrying out its activities in line with the schools' policies and procedures.

### **Anti-discrimination and Equality**

Provided they have an Education, Health & Care Plan, Farney Close is open to young people who are referred and funded by their Local Authority.

We are an equal opportunity organisation, committed to a working environment that is free from any form of discrimination as identified in the Equality Act 2010. We will make reasonable adjustments to meet the needs of staff or pupils who are, or may become, disabled. Since the inception of the Equality Act 2010 the school reviews its compliance in this area of legislation annually.

### **Public Benefit**

In setting our objectives and planning our activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing academic, social education and on fee-charging.

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Safeguarding**

The school continues to be committed to safeguarding and promoting the welfare of its young people. This focus is shared by all Directors and staff. As part of this, the school's designated Child Protection Officers undertake regular statutory training to support their duties. All members of staff are trained in the school's Child Protection Procedure, as defined within the guidance set by the Local Safeguarding Team, with annual refreshers.

A Safeguarding and Well Being team (SEND) is in place and consists of a Designated Safeguarding Lead (Principal & DSL), two Deputy Designated Safeguarding Leads (Head of Care and the Schools Social Worker), A Safeguarding Governor representative (an Ex-Head of Care) and support team (The Schools SENCO, School Nurse, Vice Principal and the Referrals and Inclusion Officer). This team meets weekly to look at the Safeguarding and Wellbeing of the school young people and employees.

The Principal is the Designated Safeguarding Lead and the Deputy Designated Safeguarding Leads are the Head of Care and the Schools Social Worker. Both the Principal and the Schools Social Worker are registered with Social Work England. The School Social Worker works with all children and young people that benefit from social work input. The School Nurse and our Referrals and Inclusion Officer support with Safeguarding related matters surrounding new pupils but has a particular focus on assessment of potential new pupils and ensuring high attendance is maintained.

The school continues to use an embedded process of recording all Safeguarding concerns, along with all incidents, on our Management Information System - CPOMs. This enables us to record, track and reflect on all incidents and clearly recorded the follow up on all recordings.

The school continues to operate a behaviour approach in a structured manner with clear boundaries and expectations of behaviour in place. Alongside this, therapy and counselling play a vital part in the work that we do. Our SEND team has increase over the last couple of years and plays a vital part in both the academic and social progress of all young people.

We celebrate diversity throughout the year. In the next academic year will we be updating our Rainbow Flag Award as part of this. Incidents of bullying are kept to a minimum by vigilant staff who intervene when it looks as though incidents may occur. All bullying episodes are recorded, and work is undertaken with bullies and the bullied to help them move forward. Weekly culture capital days enable us to not only educate our young people but to also celebrate different cultures.

Incidents of pupil's sexual harassment are recorded, addressed, tracked and action put in place in line with recent Government requirements.

We run a 24-hour curriculum to ensure that our young people are educated throughout the day about how to keep themselves safe, both in person and online. This input is undertaken through formal lessons such as PSHE and Humanities as well as more informally via input from the adults that work with our young people during the evening.

Various opportunities are offered to our young people to ensure that their voice is heard for example Annual Questionnaires, regular meetings with the Link Workers, in therapy or counselling, tutor time, School Council, annual reviews and House meetings. We ensure that their views are heard and responded to.

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Training**

Training is a vital part of all staff members ongoing professional development, as well as us being able to ensure that staff are skilled to a level that enables them to be able to meet the presenting needs of all of our young people. Over the academic year 2019/20 until COVID struck we had a full schedule of face-to-face training which has focussed on the subject of Child Protection and Safeguarding. First Aid and Mental Health awareness were also a focus. Most of our training then went to virtual learning and e-learning. Through the spring and summer of 2021, we reverted back to more face-to-face training whilst also maintaining our online learning. Team Teach remains our preferred method of supporting young people in managing their behaviour.

Over the academic year 2020 to 2021 training has taken place in subjects such as, child protection and safeguarding, fire awareness, fire marshal training, the Prevent agenda, mental health awareness, safe recruitment, the single central register, Prevent bullying, seizures, autopen injecting, ligature removal and self harm.

All training undertaken by staff members is recorded on a training data base which clearly informs who has accessed which training and when compulsory training is due for renewal. A schedule is in place detailing training to occur moving forward.

Policies continue to be created, reviewed and updated according to the schedule of review that we have in place. All Policies can be accessed by staff on the schools Management Information System (CPOMs), via hard copies in folders in common areas and most are also available to the general public via our school website or upon request.

### **Risk management**

The Board of Trustees has overall responsibility for overseeing risk management and has a robust mechanism in place, with detailed assessment and management of risk delegated to the Senior Leadership team. The Operations Manager, appointed March 2021, is NEBOSH qualified.

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. These are identified to the board through a risk review procedure and by committees, and an annual action plan put in place.

The most significant financial risk concerns the cost of providing services not being fully matched by the income from fees. The new academic year (2021/2022) has seen us open our day provision and take in day pupils so our numbers are significantly increasing which will inevitably financially support the school and enable us to enhance our offer. The key to meeting the needs of our children is recruiting skilled and empathetic staff, this continues to be a challenge. However, we know that this is not unique to Farney Close School, but a nationwide issue. Nonetheless, the staff retention levels are remarkably stable which brings with it consistency and supports the young people to be less testing and as a result they show less challenging behaviour.

The Directors worked hard with the existing Leadership team and have increased their capacity this year, not only appointing an Operations Manager (new post) but also a Head of Education. All members of the Senior Leadership Team (SLT) have been appointed since April 2019 and are now settled into their roles. The SLT are supported with half termly visits for our School Improvement Partner (SIP) and our National minimum Standards Independent Visitor. Both of these parties produce reports from their visits with any advisories so support us moving forward.

The Trustees believe that the school is as well placed as any other organisation in our specialised section to tackle risk and to continue to thrive. Our reputation as a provider of specialist care for young people with the higher range of social, emotional and mental health needs is well known within the local authorities that use us. The school values all Farney Close employees and recognises the part that each member of staff plays in ensuring that the whole team work together to meet the complex needs of our young people.

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Quality Assurance**

The school continually evaluates progress and looks to quality assurance throughout the year in order to identify areas of strength or deficiency and uses this information to plan and make changes where necessary. This includes gathering data and information on the academic attainment and progress of all young people in order to set targets and measure improvement and progress over time; the introduction of the assessment tool B-Squared has ensured that this process is clearer and swifter than our previous assessment process.

Termly reports are sent out with feedback forms for parent and carers, and a virtual or physical parents and carers evening coincides with these reports to enable opportunity for all parties to discuss academic and social progress. These meetings are held between parents / carers, the child, their tutor and their Link-Worker. Furthermore, we reach out to parents and carers formally once a year and informally (questionnaire) throughout the year to gain their views and comments about what we do well and what we could do better.

The voice of the young person is one that we ensure we listen to. This is undertaken in a variety of means including individually, on their residential house groups, in class tutor time, at reviews of their EHCPs, in annual questionnaires and also via the school council which meets twice each half term. Multiple examples of change brought about by the voice of the child this year includes menu planning, activity and trip planning (including trips and activities for our termly enrichment day), fundraising opportunities and educational options.

Despite COVID-19 hampering learning slightly the school's commitment to raising young people's academic attainment and social progress continued, with a clear message of well-being support for all young people, their families and our staff members throughout this very difficult time.

The school Directors have continued to employ an Independent Visitor who visits the school on their behalf, reporting to them every half term on the standard of care and safeguarding. The regular visits reinforce a long and established history of high standards in both these areas. At the start of the new academic year (2020 / 2021) the Governors employed a School Improvement Partner (SIP) to work with the Principal and other members of the SLT to further enhance the academic provision within the school.

# FARNEY CLOSE SCHOOL LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

### ACHIEVEMENTS AND PERFORMANCE

In 2020 – 2021 the following awards were gained at GCSE:

Number of pupils and exams gained	GCSE Fine Art	GCSE Biology	GCSE Design & Technology	GCSE English Language	GCSE Food	GCSE Maths	Total GCSEs Level 4 and above per child
A	Level 4	Level 5		Level 5		Level 6	4
B			Level 3	Level 4	Level 5	Level 4	3
C		Level 2		Level 3		Level 4	1
D			Level 4		Level 4	Level 4	3
E		Level 1		Level 1		Level 2	0
F		Level 4	Level 5	Level 4		Level 6	4
G						Level 1	0
H						Level 1	0
I			Level 2				0
J (Year 10)						Level 6	1
Total GCSE Level 4 & above per subject	100%	50%	50%	60%	100%	66%	

The 2021 year 11 leavers all had placements at colleges. Four remained in our Post 16 provision whilst the rest returned home attending college local to them. One year 12 moved onto college local to home and one year 13 left to live at home and study a third year at college.

Farney Close remained open throughout the academic year 2020/2021 with the exception of one week in October 2020 when we had to shut due to having COVID-19 in school and needing a circuit break. We ran a slightly reduced timetable until the spring break 2021 when we returned to a fulltime table working in two bubbles which we maintained for the rest of the academic year. Full assessments took place so that we could identify lost learning and after school learning was put in place to support with catch up learning.



# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Community Links and Fund Raising**

The aim is to help young people gain a wider understanding of the needs of others, and to support them to find more opportunities to develop personal empathy, self-awareness and to make a positive contribution to the local community and the world community.

Donations are received by various sources in the guise of books, games, school equipment and resources for the vocational classrooms. The Fund-raising officer continues to work tirelessly to support the school in being able to offer those extra bits to our pupils that supports their development.

Wellesley Wealth Advisory project managed and met the costs of a conversion of one of the school's residential units into a Primary School classroom. This was completed in time for the new academic year Sept 2021. At present this provision enables us to take in 8 children in years 5 & 6.

### **PROGRESS UPDATE ON 2020 – 21 AIMS:**

- We appointed an Operations Manager in March 2021 to strengthen and support the Senior Management Team by managing the support services within the school.
- We have embedded the academic assessment tool called B-Squared to enable us to evaluate progress far more efficiently.
- We have launched our Primary Provision and are now considering expanding this provision further.
- We have not updated three of our residential provisions to offer single rooms with en-suite bathrooms. This has been placed on hold until other required building repairs have occurred.
- We have embedded the role of Referrals and Inclusion Officer and undertaken a review of our referral process. This has led to a rise of the number on roll and the attendance of pupils already on roll.
- We are effectively using our School Improvement Partner and our NMS Independent visitor to improve our practice.

### **Over the next year, the school aims to:**

- Focus on COVID catch up for those children and young people that have lost learning or have not progressed as expected.
- Review our Curriculum offer and ensure that we are able to provide challenge for our gifted and talented children and young people.
- Consider increasing the number of children and young people that we can have on roll (presently 72)
- Ensure that the proposed building repairs are undertaken as per the structural survey results which took place in August 2021.
- Consider other ways to use our provision to maximise the experience that children and young people have whilst on roll at our school e.g. use of school grounds and empty rooms.
- Embed the Board members newly adapted monitoring visits to the school.

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **FINANCIAL REVIEW**

#### **Financial Management and Sustainability**

Income is derived from school fees negotiated with sponsoring local authorities and funding bodies. The school's budget is based on the school achieving a set number of young people placed by various funding bodies.

The result of the operating plan for the academic year was a surplus on unrestricted funds of £211,519 (2020: deficit of £199,564), taking unrestricted funds to £4,919,345 (2020: £4,710,205). This included an upward revaluation of the investment property of £92,718.

Of the total funds, £2,757,820 (2020: £2,493,918) was in respect of buildings and fixed assets. Free reserves as the year end (net current assets in unrestricted funds) was stated at £2,161,525 (2020: £2,216,287). The restricted funds decreased by £12,873 (2020 - £13,799) as a result of expenditure on equipment, and the spending of pupil premium monies. Restricted funds of £12,609 (2020: £25,482) were carried forward.

A total of £236,531 (2020 - £51,050) was invested in fixed assets in the year, on equipment, £106,069 of which was in respect of an in kind donation to prepare a classroom for primary education.

The school has always had a cautious investment policy, with investments in short term bank deposits. The return on investments has remained very low in the current financial period. With the on-going concerns around COVID-19, the Trustees decided this was not the time to transfer some of the funds into high-risk investments.

The charity needs to maintain reserves in order to continue to improve the education and care services provided; and at the same time provide a buffer to cope with the increased uncertainties over pupil numbers and funding. The aim of the next financial year is to review our offer and consider expansion of the school, both within the Primary and Secondary provision. The Trustees have always had in mind that the Senior Leadership team need room to manoeuvre to achieve their aims and objectives and are fully committed to supporting their Leaders.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charity is controlled by its governing document, the Memorandum and Articles of Association, and is constituted as a limited company by guarantee, as defined by the Companies Act 2006.

The Directors of the Charity meet regularly to ensure that all safeguards and checks are in place to prevent any risks to the company and to ensure that it complies with the regulations of the Charities Act, and the Companies Act.

The Articles of Association have changed this year. The changes were accepted at the last Annual General Meeting. Trustees now agree and accept the accounts and, elect Trustees as and when appropriate. When setting school fees, the school accepts its responsibility to work hard and offer value for money for referring Local Authorities. At the same time, it also acknowledges its duty to maintain an appropriately balanced provision for the young people in its care. It is clear that due to the increasingly varied complex needs of the children and with the number on our school roll increasing, that the school needs to broaden the therapeutic care available.



# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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

S Burt	(Resigned 5 May 2021)
J E Bowry	
S Deane	
M Gibrill	
C Johns	
N M S G Bartholomew	
Mr B C Robinson	(Appointed 5 October 2020 and resigned 15 September 2021)
Mr S T Lashley	(Appointed 14 February 2021)

### **Recruitment and appointment of new Trustees**

The board of trustees (who are also Directors for the purpose of company law) may appoint trustees if a vacancy arises part way through the year. New trustees are appointed with reference to the members of the Charitable Company and are considered on the basis of their skills and experience.

### **Induction and training of new Trustees**

Appropriate training is available to all trustees to help develop and enhance the skills which they offer to the School. Suitably qualified new trustees are sought from the 'Members of the Association/Friends of Farney Close' on a regular basis. On appointment, all new trustees are provided with a detailed information pack providing material on both the responsibilities and liabilities of trustees and the school's history. All trustees are encouraged to attend a virtual induction course on "what is Governance" and complete other training offered by the schools various training resources.

### **Organisational structure**

The trustees are aware of the continuing benefits to the better management of the school which arise from a board of trustees with wide and appropriate knowledge and skills. On appointment, all new trustees are provided with a detailed information pack providing material on both the responsibilities and liabilities of trustees and the school's history.

The trustees meet formally six times a year and if required on an ad hoc basis, to review strategy and performance and to set operating plans and budgets. The board of trustees appoint trustees when a vacancy arises. A skills audit has been undertaken by the present Chair to establish where there are gaps, and these have now been addressed. Board members have designated areas of responsibilities that match their skills and knowledge. They conduct monitoring visits in their focussed area, each half term (at least). They record their findings, provide the Principal with feedback and offer any recommendations that they feel would support the school in continuing to move forward. These areas are their main focus, and they report back to the main body. All Board members are invited to the monthly finance meetings, as is the Principal and Finance Officer.

Educational matters on a day-to-day basis are delegated to the Principal, who is supported by the Vice Principal and Head of Care. Our Company secretary resigned on 4 December 2020, and the Companies House requirements are now administered by our Finance Officer.

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare accounts for each financial year. Under that law the trustees have elected to prepare the accounts in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The accounts are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

### **Disclosure of information to auditor**

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware. Additionally, the trustees have taken all necessary steps that they ought to have taken in order to make them selves aware of all relevant audit information, and to establish that the company's auditors are aware of that information.

This report was approved by the Board of Trustees on and the company secretary was authorised to sign it on their behalf. In approving the Trustees Annual Report, the Trustees also approve the Strategic Report included therein, in our capacity as Company Directors.

  
**C Johns**

Trustee

Dated: 30 March 2022

# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FARNEY CLOSE SCHOOL LIMITED**

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#### **Opinion**

We have audited the financial statements of Farney Close School Limited for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 August 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF FARNEY CLOSE SCHOOL LIMITED**

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#### **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 strategic report or 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 and proper accounting records have not been kept, (or returns adequate for our audit have not been received from branches not visited by us); or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- 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.

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

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience, and through discussion with the trustees and other management (as required by auditing standards), and discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations (see below);
- We identified the following areas as those most likely to have such an effect: health and safety; General Data Protection Regulation (GDPR); fraud; bribery and corruption; and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102, the Companies Act 2006 and the Charities Act 2011) and the relevant tax compliance regulations in the UK;
- We considered the nature of the charity's operations, the control environment and financial performance.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the charity has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.



# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF FARNEY CLOSE SCHOOL LIMITED**

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **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.

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.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

TC Group

Mr Mark Cummins  
(Senior Statutory Auditor)  
for and on behalf of TC Group  
Statutory Auditor

14 April 2022

The Courtyard  
Shoreham Road  
Upper Beeding  
Stevington  
West Sussex  
BN44 3TN

# FARNEY CLOSE SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes						
<b><u>Income and endowments from:</u></b>							
Donations and legacies	3	112,364	15,485	127,849	5,819	33,984	39,803
Charitable activities	4	3,397,213	21,357	3,418,570	3,237,363	13,238	3,250,601
Other trading activities	5	1,838	-	1,838	-	-	-
Investments	6	16,564	-	16,564	29,688	-	29,688
Other income	7	4,037	-	4,037	371	-	371
<b>Total income</b>		<b>3,532,016</b>	<b>36,842</b>	<b>3,568,858</b>	<b>3,273,241</b>	<b>47,222</b>	<b>3,320,463</b>
<b><u>Expenditure on:</u></b>							
Raising funds	8	2,535	-	2,535	2,746	-	2,746
Charitable activities	9	3,410,680	52,094	3,462,774	3,481,488	49,592	3,531,080
<b>Total resources expended</b>		<b>3,413,215</b>	<b>52,094</b>	<b>3,465,309</b>	<b>3,484,234</b>	<b>49,592</b>	<b>3,533,826</b>
Net gains/(losses) on investments	13	92,718	-	92,718	-	-	-
<b>Net incoming/ (outgoing) resources before transfers</b>		<b>211,519</b>	<b>(15,252)</b>	<b>196,267</b>	<b>(210,993)</b>	<b>(2,370)</b>	<b>(213,363)</b>
Gross transfers between funds	20	(2,379)	2,379	-	11,429	(11,429)	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>209,140</b>	<b>(12,873)</b>	<b>196,267</b>	<b>(199,564)</b>	<b>(13,799)</b>	<b>(213,363)</b>
Fund balances at 1 September 2020		4,710,205	25,482	4,735,687	4,909,769	39,281	4,949,050
<b>Fund balances at 31 August 2021</b>		<b>4,919,345</b>	<b>12,609</b>	<b>4,931,954</b>	<b>4,710,205</b>	<b>25,482</b>	<b>4,735,687</b>

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

The allocation of the comparative figure between funds is explained in the notes to these accounts.

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.


# FARNEY CLOSE SCHOOL LIMITED

## BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	14	2,007,820		1,836,636	
Investment properties	15	750,000		657,282	
		<u>2,757,820</u>		<u>2,493,918</u>	
<b>Current assets</b>					
Debtors	16	1,046,446		1,070,623	
Cash at bank and in hand		2,877,153		2,518,506	
		<u>3,923,599</u>		<u>3,589,129</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,547,836)		(1,149,769)	
Net current assets		<u>2,375,763</u>		<u>2,439,360</u>	
<b>Total assets less current liabilities</b>		<u>5,133,583</u>		<u>4,933,278</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	(201,629)		(197,591)	
Net assets		<u>4,931,954</u>		<u>4,735,687</u>	
<b>Income funds</b>					
Restricted funds	20	12,609		25,482	
Unrestricted funds		4,919,345		4,710,205	
		<u>4,931,954</u>		<u>4,735,687</u>	

The financial statements were approved by the Trustees on 30 March 2022

  
C Johns  
Trustee

Company Registration No. 00543113

# FARNEY CLOSE SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	26		574,714		(481,959)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(236,531)		(51,050)	
Proceeds on disposal of tangible fixed assets		3,900		160	
Interest received		9		11,337	
Rent received		16,555		18,351	
<b>Net cash used in investing activities</b>			(216,067)		(21,202)
<b>Net increase/(decrease) in cash and cash equivalents</b>			358,647		(503,161)
Cash and cash equivalents at beginning of year			2,518,506		3,021,667
<b>Cash and cash equivalents at end of year</b>			2,877,153		2,518,506



# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **1 Accounting policies**

##### **Charity information**

Farney Close School Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Bolney Court, Crossways, Bolney, Haywards Heath, West Sussex, RH17 5RD.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's articles, the Companies Act 2006 and the Charities Act 2011 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)" issued in October 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

Despite the disruption caused by coronavirus, and the national lockdown, at the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

##### **1.3 Charitable funds**

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

##### **1.4 Incoming resources**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. School fees are recognised over the academic year to which the fees apply, on a term by term basis.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### 1.5 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. Additions of individual items in excess of £1,000 including irrecoverable VAT are capitalised.

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% per annum
Plant and equipment	20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	20% on cost

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.

#### 1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

#### 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, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Also included is a 2 year bond.

#### 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.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

---

### 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.

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**

Retirement benefits to employees of the school are provided by the Teachers' Pension Scheme ('TPS') and a further defined contribution scheme for non teaching staff. The teachers' pension scheme is a defined benefit scheme and the assets of both are held separately from those of the school.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the school is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The school also operates a defined contribution scheme in respect of the care and administration staff, which is an auto-enrolment scheme. The contributions are met from the employers and employees contributions and the assets are held externally to the company.

The school also has an unfunded defined benefit constructive obligation to provide benefit arrangements for two former members of staff whereby the school has committed to make pension payments and make healthcare provision in the future.

#### **1.12 Taxation**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

The school also provides education services which are classified as exempt for VAT purposes, so the charity cannot register for VAT. All costs are shown gross, as VAT incurred is irrecoverable.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 2 Critical accounting estimates and judgements

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

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

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	-	15,485	15,485	-	33,984	33,984
Grants	112,364	-	112,364	5,819	-	5,819
	<u>112,364</u>	<u>15,485</u>	<u>127,849</u>	<u>5,819</u>	<u>33,984</u>	<u>39,803</u>

### 4 Charitable activities

	2021 £	2020 £
School fees within charitable activities	3,397,213	3,237,363
Pupil Premium	21,357	13,238
	<u>3,418,570</u>	<u>3,250,601</u>
Analysis by fund		
Unrestricted funds	3,397,213	
Restricted funds	21,357	
	<u>3,418,570</u>	
For the year ended 31 August 2020		
Unrestricted funds		3,237,363
Restricted funds		13,238
		<u>3,250,601</u>

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 5 Other trading activities

	Unrestricted funds	Total
	2021	2020
	£	£
Letting and licensing arrangements	1,838	-

### 6 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Rental income	16,555	18,351
Interest receivable	9	11,337
	16,564	29,688

### 7 Other income

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Net gain on disposal of tangible fixed assets	3,900	160
Miscellaneous income	137	211
	4,037	371

### 8 Raising funds

	2021	2020
	£	£
Investment property costs	2,535	2,746
	2,535	2,746

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

### 9 Charitable activities

	2021 £	2020 £
Establishment	485,690	528,556
School expenses	2,553,204	2,577,707
	<u>3,038,894</u>	<u>3,106,263</u>
Share of support costs (see note 10)	405,482	406,487
Share of governance costs (see note 10)	18,398	18,330
	<u>3,462,774</u>	<u>3,531,080</u>
<b>Analysis by fund</b>		
Unrestricted funds	3,410,680	
Restricted funds	52,094	
	<u>3,462,774</u>	
<b>For the year ended 31 August 2020</b>		
Unrestricted funds		3,481,488
Restricted funds		49,592
		<u>3,531,080</u>

# FARNEY CLOSE SCHOOL LIMITED

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

### 10 Support costs

	Support costs	Governance costs	2021	2020
	£	£	£	£
Depreciation	65,347	-	65,347	65,662
Salaries	190,230	-	190,230	179,983
Staff training	-	888	888	2,473
Sundry	621	942	1,563	3,755
Telephone	17,093	-	17,093	16,837
Office costs	8,435	-	8,435	8,357
Motor expenses	18,296	-	18,296	22,550
Computer expenses	54,089	-	54,089	34,902
Payroll	3,324	-	3,324	3,391
Professional fees	47,395	-	47,395	69,776
Bank charges	652	-	652	931
Audit fees	-	12,368	12,368	12,000
Accountancy	-	4,200	4,200	4,200
	<u>405,482</u>	<u>18,398</u>	<u>423,880</u>	<u>424,817</u>

Auditor's remuneration in relation to audit services was £12,368 (2020- £12,000).

### 11 Trustees

During the year three trustees claimed £1,127 (2020: Seven trustees £1,950) of expenses which relate to training, travel costs and trustee meetings.

The following related party transactions took place in the year:

- £2,000 (2020: £8,228) was paid from the general fund to M Gibrill in respect of his professional services.

- £20,000 (2020: £40,200) was paid from the general fund to Mrs C Johns, a Trustee in respect of her professional services. Mr G Johns, her son was appointed in residential / site maintenance roles in January 2021. During the period £17,913 was paid in respect of his role, with £537 paid by way of employer's pension contributions.

- Mr S Lashley was appointed as a Trustee during the year, and his spouse Mrs N Lashley was appointed in February 2021 as Finance Officer. During the period £15,784 was paid in respect of her role, with £499 paid by way of pension contributions. In addition his sister (Miss D Lashley) was appointed as Operations Manager in March 2021. During the period £22,089 was paid in respect of her role, and £663 paid by way of employer's pension contributions.

The school has followed the guidance issued by the charity commission on making payments to Trustees for services provided in their professional capacity.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
School	57	72
Establishment	10	9
Administration	6	4
	<u>73</u>	<u>85</u>

#### Employment costs

	2021 £	2020 £
Wages and salaries	2,231,915	2,101,750
Social security costs	203,475	188,825
Other pension costs	217,313	187,008
Benefits in kind - healthcare	27,965	37,195
Change in present value for pension obligation	16,595	4,945
	<u>2,697,263</u>	<u>2,519,723</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2021 Number	2020 Number
£60,000 - £69,999	1	2
£90,000 - £99,999	1	-
	<u>2</u>	<u>2</u>

The key management personnel of the charity comprise the Trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £248,236 (2020, £243,552).

### 13 Net gains/(losses) on investments

	Unrestricted funds	Total
	2021 £	2020 £
Revaluation of investment properties	92,718	-
	<u>92,718</u>	<u>-</u>



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 14 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2020	3,931,723	278,282	371,991	49,179	4,631,175
Additions	207,119	29,412	-	-	236,531
Disposals	-	(45,133)	-	(20,500)	(65,633)
At 31 August 2021	4,138,842	262,561	371,991	28,679	4,802,073
<b>Depreciation and impairment</b>					
At 1 September 2020	2,176,887	263,802	306,632	47,218	2,794,539
Depreciation charged in the year	42,795	6,253	14,338	1,961	65,347
Eliminated in respect of disposals	-	(45,133)	-	(20,500)	(65,633)
At 31 August 2021	2,219,682	224,922	320,970	28,679	2,794,253
<b>Carrying amount</b>					
At 31 August 2021	1,919,160	37,639	51,021	-	2,007,820
At 31 August 2020	1,754,836	14,480	65,359	1,961	1,836,636

### 15 Investment property

	2021 £
<b>Fair value</b>	
At 1 September 2020	657,282
Net gains or losses through fair value adjustments	92,718
At 31 August 2021	750,000

The freehold investment property was purchased in 2015 with some additional works to make it available to rent. It has been valued at cost until the current year. The trustees consider that an increase in line with the local property market, taking into account property indexes is appropriate, and have assessed the fair value at 31 August 2021 at £750,000 for rental purposes.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2021 £	2020 £
Cost	657,282	657,282
Accumulated depreciation	-	-
Carrying amount	657,282	657,282

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 16 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
School fees receiveable	988,134	1,027,198
Prepayments and accrued income	58,312	43,425
	<u>1,046,446</u>	<u>1,070,623</u>

### 17 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	-	18,429
Payments received on account	1,343,423	1,027,196
Trade creditors	172,453	62,257
Other creditors	13,120	12,952
Accruals and deferred income	18,840	28,935
	<u>1,547,836</u>	<u>1,149,769</u>

### 18 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Future liabilities in respect of former staff obligations (see note 23)	201,629	197,591
	<u>201,629</u>	<u>197,591</u>

### 19 Fees in advance

Fees in advance relate to the school fees invoiced in respect of the Autumn term, but which are due only on the start of the next academic year from 1 September, and represent income for the following autumn term:

	2021	2020
Fees in advance at 1 September 2020	1,027,196	1,093,554
Recognised as income in 2020-21 year	(1,027,196)	(1,093,554)
Fees invoiced prior to 31 August 2021, and carried forward to 2021-22	<u>1,343,423</u>	<u>1,027,196</u>
Fees in advance at 31 August 2021	<u>1,343,423</u>	<u>1,027,196</u>

# FARNEY CLOSE SCHOOL LIMITED

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

### 20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 September 2019 £	Movement in funds			Balance at 1 September 2020 £	Movement in funds			Transfers £	Balance at 31 August 2021 £
		Incoming resources £	Resources expended £	Transfers £		Incoming resources £	Resources expended £	Transfers £		
Pupil Premium	19,503	13,238	(12,905)	-	19,836	21,357	(37,319)	-	-	3,874
Vocational building & equipment	6,574	5,499	(7,106)	-	4,967	10,740	(10,528)	1,720	-	6,899
Media suite	5,319	15,268	(16,692)	(3,895)	-	3,605	(3,500)	-	-	105
Education and childcare	1,684	8,111	(4,082)	(5,142)	571	140	(747)	659	-	623
Equipment donations	2,156	2,606	(4,762)	-	-	-	-	-	-	-
Fair Fax	4,045	2,500	(4,045)	(2,392)	108	1,000	-	-	-	1,108
	39,281	47,222	(49,592)	(11,429)	25,482	36,842	(52,094)	2,379	-	12,609

The restricted funds include Pupil Premium monies provided for enrichment by local authorities plus specific equipment grants generated from grants and donations along with fundraising.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 August 2021 were represented by:			
Tangible assets	2,007,820	-	2,007,820
Investment properties	750,000	-	750,000
Current assets/(liabilities)	2,363,154	12,609	2,375,763
Long term liabilities	(201,629)	-	(201,629)
	<u>4,919,345</u>	<u>12,609</u>	<u>4,931,954</u>

### Analysis of net assets between funds comparative

	Unrestricted £	Restricted £	Total £
Fund balances at 31 August 2020 were represented by:			
Tangible assets	1,826,317	10,319	1,836,636
Investment properties	657,282	-	657,282
Current assets/(liabilities)	2,428,703	15,163	2,439,360
Long term liabilities	(197,591)	-	(197,591)
	<u>4,714,711</u>	<u>25,482</u>	<u>4,735,687</u>

### 22 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	7,985	7,700
Between two and five years	6,479	13,221
	<u>14,464</u>	<u>20,921</u>

# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **23 Pension**

##### **Pension arrangements**

The school participates in the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff.

The TPS is a defined-benefit scheme. The pension costs are assessed in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the TPS related to the period ended 31 March 2015.

The pension cost charge for the year ended 31 August 2021 was £175,676 (2020: £140,437). Contributions amounting to £nil (2020: £nil) were payable to the scheme at the year end.

The school also operated a defined contribution scheme from July 2014, to meet the requirements of auto enrolment. The assets of this scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year ended 31 August 2021 was £41,637 (2020: £46,571). An amount of £nil (2020: £nil) was due to this scheme at the year end.

The school has an unfunded constructive obligation to provide a defined benefit arrangement for two former members of staff whereby the school has committed to provide benefits. The provision is recognised using discounted cash flow methods, to provide a present value for the future benefits payable by the company.

The key financial estimates and assumptions are that the benefits will continue until the former employees reach the age of 89, increase at 2.75% per annum, and are discounted at 2.7% per annum.

The total obligation at the year end was £213,882 (2020: £209,228), £11,947 is due within one year and the balance of £201,935 in more than one year.

##### **Teachers' Pension Scheme**

###### **Introduction**

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **24 PENSIONS (continued)**

##### **Valuation of the Teachers' Pension Scheme**

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

##### **Pension and similar obligations**

The key elements of the latest valuation and subsequent consultation are:

- an increase in employer rates from 16.48% to 23.68% of pensionable pay (including a 0.08% employer administration charge)
- the rise in contribution delayed from 1 April to September 2019
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,000 million giving a notional past service deficit of £22,100 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- there will be funding from the DFE for the financial year 2019/20 to help maintained schools and academies meet the additional costs resulting from the scheme valuation. Funding for 20/21 onwards will be discussed as part of the next Spending Review round.

The TPS valuation for 2016 determined an employer rate of 23.6%, which is payable from September 2019. The next valuation of the TPS will be at March 2020 and will be based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 25 PENSIONS (continued)

The pension costs paid to the TPS in the period amounted to £238,485 (2020: £197,667)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

26 Cash generated from operations	2021 £	2020 £
Surplus/(deficit) for the year	196,267	(213,363)
Adjustments for:		
Investment income recognised in statement of financial activities	(16,564)	(29,688)
Gain on disposal of tangible fixed assets	(3,900)	(160)
Fair value gains and losses on investment properties	(92,718)	-
Depreciation and impairment of tangible fixed assets	65,347	65,662
Movements in working capital:		
Decrease/(increase) in debtors	24,177	(164,755)
Increase/(decrease) in creditors	402,105	(139,655)
<b>Cash generated from/(absorbed by) operations</b>	<b>574,714</b>	<b>(481,959)</b>

### 27 Analysis of changes in net funds

The charity had no debt during the year.