

Charity registration number 307024

Company registration number 00543113 (England and Wales)

**FARNEY CLOSE SCHOOL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

# FARNEY CLOSE SCHOOL LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

---

<b>Trustees</b>	J E Bowry S Deane M Gibrill C Johns N M S G Bartholomew
<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

---

# FARNEY CLOSE SCHOOL LIMITED

## CONTENTS

---

	Page
Trustees' report	1 - 7
Independent auditor's report	8 - 10
Statement of financial activities	11
Balance sheet	12
Statement of cash flows	13
Notes to the financial statements	14 - 28

---

# **FARNEY CLOSE SCHOOL LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 AUGUST 2022**

---

The Trustees present their report and the audited financial statements of the Charity for the year ended 31 August 2022. 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's aim is to provide educational and social development opportunities for boys and girls aged 9 -18 who, following the introduction 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 by a range of Local Authorities across the South and Southeast of England.

#### **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 children & young people.
- Provide children and young people with a full entitlement to the National Curriculum and a range of examination subjects at levels that match their abilities and intellectual/cognitive capacity.
- Provide young people with a package of care that supports and develops their emotional maturity and meets their social educational 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 opportunities,
  - Conducting quality assurance exercises and the collection and review of appropriate data to inform planning.

#### **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 Trustees 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 2022**

---

### **Safeguarding**

The school continues to be committed to safeguarding and promoting the welfare of its young people. This focus is shared by all Trustees and staff. As part of this, the school's Designated Safeguarding Leads 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), 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.

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 2022**

---

### **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 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 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 Trustees 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.

### **ACHIEVEMENTS AND PERFORMANCE**

The school has continued its journey forward. In the Autumn term of 2022, the School welcomed both Ofsted Education and Ofsted Social Care through our doors. Both sets of inspections recognised all the hard work and dedication put into the School and provided us with a "GOOD" rating in both inspections.

The opening comment from the Ofsted Social Care inspection in January 2022 reads as follows: "Young people receive good-quality, comprehensive and individualised care from skilled staff who know them well". It goes on to say, "This high level of care contributes to a culture that supports the young people to engage with their learning and to make progress".

Of our Y11 class of 2022, there were 8 leavers this year:

- 3 pupils achieved 2 GCSEs at level 4 or higher, all-in the core subjects (37.5%)
- 7 pupils, all achieved at least one GCSE qualification in all their subjects (87.5%)
- 1 pupil achieved a GCSE qualification in 2 of their subjects (12.5%)

# **FARNEY CLOSE SCHOOL LIMITED**

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

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### **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 £553,292 (2021: £211,519), taking unrestricted funds to £5,472,637 (2021: £4,919,345). The investment property was not revalued in the period - the tenant left in July 2022, and the Trustees made the decision to bring the asset back into school use during 2022-23.

Of the total funds, £3,322,344 (2021: £2,757,820) was in respect of buildings and fixed assets. Free reserves as the year end (net current assets in unrestricted funds) was stated at £2,150,293 (2021: £2,161,525). The restricted funds increased by £16,060 (2021 decreased by - £12,873) as a result of expenditure on equipment, and the spending of pupil premium monies. Restricted funds of £28,669 (2021: £12,609) were carried forward.

A total of £664,156 (2021 - £236,531) was invested in fixed assets in the year, on building works and equipment. In particular some major renovations were underway at the year end on works to the buildings at the school, and following assessment of the trees in the grounds significant tree works were undertaken and the perimeter fence replaced.

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.

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.

### **PLANS FOR FUTURE PERIODS**

#### **Education**

To offer a curriculum that provides an education for those young people who are capable of obtaining at least 5 GCSEs, whilst also enabling the young people, who are less able, to achieve. This particularly refers to vocational and employability skills.

To embed our primary provision, which has now been open a year. This will include ensuring that the children who attend our primary unit have a smooth transition into our secondary provision.

#### **Care**

We aim to continue to promote the importance of our residential experience in supporting children in learning through a 24-hour curriculum. Here the focus is on social and independent skills to enable the young people to become adults that succeed in society. Whilst this is a focus for our work with our residential pupils, we also look to offer pastoral care to all our day pupils, supporting them in their journey into adulthood.

#### **Premises**

Development of the school grounds is taking place and due to be completed during the next academic year. This is to enhance the opportunities for enrichment and outdoor learning, whilst improving the security and safety of the school site. The work has included an 8ft fence around the perimeter of the school and tree work in our wooded area.

Renovation of the main school building is taking place and due for completion over the next academic year. A 5-year maintenance and development plan for the whole site is in place.

# **FARNEY CLOSE SCHOOL LIMITED**

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

***FOR THE YEAR ENDED 31 AUGUST 2022***

---

### **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 Trustees 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 and the Companies' Acts.

The Articles of Association were rewritten and adopted on 10 July 2021. 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. Due to the increasingly varied, complex needs of the children and young people, and with the numbers on our school roll increasing, the school needs to broaden the therapeutic care available.

Mrs S Deane stepped down as Chair of the Trustees on 25 September 2021 and was replaced by Mrs C Johns. N Bartholomew took the post of Vice-chair on 8 April 2022.

# **FARNEY CLOSE SCHOOL LIMITED**

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

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

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:

J E Bowry

S Deane

M Gibrill

C Johns

N M S G Bartholomew

Mr B C Robinson

Mr S T Lashley

(Resigned 15 September 2021)

(Resigned 26 March 2022)

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

The Trustees are aware of the continuing benefits to the better management of the school which stem 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.

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

The Board receives training via The Key, National Governance Association and Educare, as well as attending in school training with members of the staff team.

All school day-to-day matters are delegated to the Principal, who is supported by the Vice Principal, Head of Education and Head of Care. The Company House requirements are now administered by our Finance Officer.

### **Organisational structure**

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 half-termly finance meetings, as is the Principal and Finance Officer.

# **FARNEY CLOSE SCHOOL LIMITED**

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

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### **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. 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: 18 May 2023



# **FARNEY CLOSE SCHOOL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

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

---

#### **Opinion**

We have audited the financial statements of Farney Close School Limited for the year ended 31 August 2022 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 2022 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 for the financial year for which the financial statements are prepared, which includes the directors' report and the strategic report prepared for the purposes of company law, 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**

---

#### **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**

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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

*23 May 2023*

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

# FARNEY CLOSE SCHOOL LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Notes							
<b>Income and endowments from:</b>							
Donations and legacies	3	10,493	26,490	36,983	112,364	15,485	127,849
Charitable activities	5	4,228,230	14,394	4,242,624	3,397,213	21,357	3,418,570
Other trading activities	4	(1,770)	-	(1,770)	1,838	-	1,838
Investments	6	17,067	-	17,067	16,564	-	16,564
Other income	7	15,990	-	15,990	4,037	-	4,037
<b>Total income</b>		<b>4,270,010</b>	<b>40,884</b>	<b>4,310,894</b>	<b>3,532,016</b>	<b>36,842</b>	<b>3,568,858</b>
<b>Expenditure on:</b>							
Raising funds	8	3,086	-	3,086	2,535	-	2,535
Charitable activities	9	3,713,632	24,824	3,738,456	3,410,680	52,094	3,462,774
<b>Total resources expended</b>		<b>3,716,718</b>	<b>24,824</b>	<b>3,741,542</b>	<b>3,413,215</b>	<b>52,094</b>	<b>3,465,309</b>
Net gains/(losses) on investments	13	-	-	-	92,718	-	92,718
Gross transfers between funds	20	-	-	-	(2,379)	2,379	-
<b>Net income for the year/</b>							
<b>Net movement in funds</b>		<b>553,292</b>	<b>16,060</b>	<b>569,352</b>	<b>209,140</b>	<b>(12,873)</b>	<b>196,267</b>
Fund balances at 1 September 2021		4,919,345	12,609	4,931,954	4,710,205	25,482	4,735,687
<b>Fund balances at 31 August 2022</b>		<b>5,472,637</b>	<b>28,669</b>	<b>5,501,306</b>	<b>4,919,345</b>	<b>12,609</b>	<b>4,931,954</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 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	14	2,572,344		2,007,820	
Investment properties	15	750,000		750,000	
		<u>3,322,344</u>		<u>2,757,820</u>	
<b>Current assets</b>					
Debtors	16	694,018		1,046,446	
Cash at bank and in hand		3,396,213		2,877,153	
		<u>4,090,231</u>		<u>3,923,599</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,840,475)		(1,547,836)	
Net current assets		<u>2,249,756</u>		<u>2,375,763</u>	
<b>Total assets less current liabilities</b>		<u>5,572,100</u>		<u>5,133,583</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	(70,794)		(201,629)	
<b>Net assets</b>		<u><u>5,501,306</u></u>		<u><u>4,931,954</u></u>	
<b>Income funds</b>					
Restricted funds	20	28,669		12,609	
Unrestricted funds		5,472,637		4,919,345	
		<u><u>5,501,306</u></u>		<u><u>4,931,954</u></u>	

The financial statements were approved by the Trustees on 18 May 2023



C Johns  
Trustee

Company registration number 00543113

# FARNEY CLOSE SCHOOL LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		1,166,149		574,714
<b>Investing activities</b>					
Purchase of tangible fixed assets		(664,156)		(236,531)	
Proceeds on disposal of tangible fixed assets		-		3,900	
Interest received		1,502		9	
Rent received		15,565		16,555	
<b>Net cash used in investing activities</b>			(647,089)		(216,067)
<b>Net increase in cash and cash equivalents</b>			519,060		358,647
Cash and cash equivalents at beginning of year			2,877,153		2,518,506
<b>Cash and cash equivalents at end of year</b>			3,396,213		2,877,153

The charity had no net debt during the year.

# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2022**

---

### **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 £1.

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**

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 2022

---

#### 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 2022

---

### 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 2022

### 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
	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
Donations and gifts	-	26,490	26,490	-	15,485	15,485
Grants	10,493	-	10,493	112,364	-	112,364
	<u>10,493</u>	<u>26,490</u>	<u>36,983</u>	<u>112,364</u>	<u>15,485</u>	<u>127,849</u>

### 4 Other trading activities

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Letting and licensing arrangements	<u>(1,770)</u>	<u>1,838</u>



# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 5 Charitable activities

	2022 £	2021 £
School fees within charitable activities	4,228,230	3,397,213
Pupil Premium	14,394	21,357
	<u>4,242,624</u>	<u>3,418,570</u>
Analysis by fund		
Unrestricted funds	4,228,230	
Restricted funds	14,394	
	<u>4,242,624</u>	
<b>For the year ended 31 August 2021</b>		
Unrestricted funds		3,397,213
Restricted funds		21,357
		<u>3,418,570</u>

### 6 Investments

	Unrestricted funds	Unrestricted funds
	2022 £	2021 £
Rental income	15,565	16,555
Interest receivable	1,502	9
	<u>17,067</u>	<u>16,564</u>

Rental income arose from letting Redwoods, the Charity's investment property during the year.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 7 Other income

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Net gain on disposal of tangible fixed assets	-	3,900
Miscellaneous income	1,241	137
Insurance claims	14,749	-
	<u>15,990</u>	<u>4,037</u>

### 8 Raising funds

	2022	2021
	£	£
Investment property costs	3,086	2,535
	<u>3,086</u>	<u>2,535</u>

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 9 Charitable activities

	2022 £	2021 £
Establishment	672,779	485,690
School expenses	2,480,445	2,553,204
	<u>3,153,224</u>	<u>3,038,894</u>
Share of support costs (see note 10)	562,885	405,482
Share of governance costs (see note 10)	22,347	18,398
	<u>3,738,456</u>	<u>3,462,774</u>
<b>Analysis by fund</b>		
Unrestricted funds	3,713,632	
Restricted funds	24,824	
	<u>3,738,456</u>	
<b>For the year ended 31 August 2021</b>		
Unrestricted funds		3,410,680
Restricted funds		52,094
		<u>3,462,774</u>

### 10 Support costs

	Support costs £	Governance costs £	2022 £	2021 £
Depreciation	99,632	-	99,632	65,347
Salaries	299,895	-	299,895	190,230
Staff training	-	-	-	888
Sundry	4,874	3,327	8,201	1,563
Telephone	31,035	-	31,035	17,093
Office costs	9,997	-	9,997	8,435
Motor expenses	17,299	-	17,299	18,296
Computer expenses	27,800	-	27,800	54,089
Payroll	3,153	-	3,153	3,324
Professional fees	68,185	-	68,185	47,395
Bank charges	1,015	-	1,015	652
Audit fees	-	13,560	13,560	12,368
Accountancy	-	5,460	5,460	4,200
	<u>562,885</u>	<u>22,347</u>	<u>585,232</u>	<u>423,880</u>

Auditor's remuneration in relation to audit services was £13,560 (2021- £12,368) including VAT.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 11 Trustees

During the year three trustees claimed £1,751 (2021: three trustees £1,127) of expenses which relate to training, travel costs and trustee meetings.

The following payments were made to Trustees during the year:

- £Nil (2021: £2,000) was paid from the general fund to M Gibrili in respect of his professional services.
- £Nil (2021: £20,000) was paid from the general fund to Mrs C Johns, a Trustee in respect of her professional services.

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

### 12 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
School	59	57
Establishment	12	10
Administration	6	6
	<u>77</u>	<u>73</u>

#### Employment costs

	2022 £	2021 £
Wages and salaries	2,365,999	2,231,915
Social security costs	221,640	203,475
Other pension costs	201,433	217,313
Benefits in kind - healthcare	22,076	27,965
Change in present value for pension obligation	(123,554)	16,595
	<u>2,687,594</u>	<u>2,697,263</u>

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

	2022 Number	2021 Number
£60,000 - £69,999	1	1
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1

The key management personnel of the charity comprise the Trustees and the senior management team, which comprised 5 roles (2021 - 4 roles); the Principal, Vice-Principal, Heads of Education, and Care, and for part of the period an Operations Manager. The total amount of employee benefits (including employer NI and pension contributions) received by key management personnel for their services to the trust was £333,890 (2021, as revised - £306,465).

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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

	Total	Unrestricted funds
	2022	2021
	£	£
Revaluation of investment properties	-	92,718

### 14 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2021	4,138,842	262,561	371,991	28,679	4,802,073
Additions	591,587	12,305	39,266	20,998	664,156
At 31 August 2022	4,730,429	274,866	411,257	49,677	5,466,229
<b>Depreciation and impairment</b>					
At 1 September 2021	2,219,682	224,922	320,970	28,679	2,794,253
Depreciation charged in the year	63,310	11,692	23,580	1,050	99,632
At 31 August 2022	2,282,992	236,614	344,550	29,729	2,893,885
<b>Carrying amount</b>					
At 31 August 2022	2,447,437	38,252	66,707	19,948	2,572,344
At 31 August 2021	1,919,160	37,639	51,021	-	2,007,820

### 15 Investment property

	2022
	£
<b>Fair value</b>	
At 1 September 2021 and 31 August 2022	750,000

The freehold investment property was purchased in 2015 with some additional works to make it available to rent. It had been valued at cost until 2021, when the Trustees considered that an increase in line with the local property market, taking into account property indexes was appropriate. That value is considered fair value at 31 August 2022.

The tenant vacated the property in July 2022, and subsequent to the year end the Trustees made the decision to bring the house into use by the school. Some works will be necessary to the property, and it will be transferred to school land and buildings in 2022-23.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 16 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
School fees receivable	642,084	988,134
Prepayments and accrued income	51,934	58,312
	<u>694,018</u>	<u>1,046,446</u>

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

	2022	2021
	£	£
Payments received on account	1,327,785	1,343,423
Trade creditors	386,020	172,453
Other creditors	47,684	13,120
Accruals and deferred income	78,986	18,840
	<u>1,840,475</u>	<u>1,547,836</u>

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

	2022	2021
	£	£
Future liabilities in respect of former staff obligations (see note 26)	<u>70,794</u>	<u>201,629</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:

	2022	2021
	£	£
Fees in advance at 1 September 2021	1,343,423	1,027,196
Recognised as income in 2021-22 year	(1,343,423)	(1,027,196)
Fees invoiced prior to 31 August 2022, and carried forward to 2022-23	<u>1,327,785</u>	<u>1,343,423</u>
Fees in advance at 31 August 2022	<u>1,327,785</u>	<u>1,343,423</u>

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

### 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 2020 £	Movement in funds		Transfers	Balance at 1 September 2021 £	Movement in funds		Balance at 31 August 2022 £
		Incoming resources £	Resources expended £	£		Incoming resources £	Resources expended £	
Pupil Premium	19,836	21,357	(37,319)	-	3,874	14,394	(6,409)	11,859
Vocational building & equipment	4,967	10,740	(10,528)	1,720	6,899	200	(612)	6,487
Media suite	-	3,605	(3,500)	-	105	-	-	105
Education and childcare	571	140	(747)	659	623	16,750	(17,323)	50
Fair Fax	108	1,000	-	-	1,108	8,500	(480)	9,128
Vaccination funding	-	-	-	-	-	1,040	-	1,040
	25,482	36,842	(52,094)	2,379	12,609	40,884	(24,824)	28,669

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 2022

### 21 Analysis of net assets between funds

	Unrestricted	Restricted funds	Total	Unrestricted	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Fund balances at 31 August 2022 are represented by:						
Tangible assets	2,572,344	-	2,572,344	2,007,820	-	2,007,820
Investment properties	750,000	-	750,000	750,000	-	750,000
Current assets/(liabilities)	2,221,087	28,669	2,249,756	2,363,154	12,609	2,375,763
Long term liabilities	(70,794)	-	(70,794)	(201,629)	-	(201,629)
	<u>5,472,637</u>	<u>28,669</u>	<u>5,501,306</u>	<u>4,919,345</u>	<u>12,609</u>	<u>4,931,954</u>

### 22 Financial commitments, guarantees and contingent liabilities

These accounts include an amount which was part of a settlement agreement with a former employee. As part of that settlement agreement the amount of the payment is confidential.

### 23 Capital commitments

At 31 August 2022 the charity had capital commitments as follows:

Contracted for but not provided in the financial statements:

Acquisition of property, plant and equipment

2022	2021
£	£
480,642	-

At the year end the Charity was part way through a major renovation of the main school buildings, with original committed funds of £787,148 (2021 - £nil). The above commitment will be expended in the 2022-23 financial year.

### 24 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:

	2022	2021
	£	£
Within one year	6,237	7,985
Between two and five years	-	6,479
	<u>6,237</u>	<u>14,464</u>



# **FARNEY CLOSE SCHOOL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 AUGUST 2022**

---

### **25 Related party transactions**

#### **Transactions with related parties**

During the year the charity entered into the following transactions with related parties:

Remuneration totalling £163,185 (2021 - as revised £86,833) was paid to five (2021 - four) related parties connected as close family members to either Trustees or Senior Management Personnel at any point during the year. All were employed at the School on standard employment terms.

### **26 Pension costs**

#### **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 2022 was £159,868 (2021: £175,676). Contributions amounting to £38,703 (2021: £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 2022 was £41,565 (2021: £41,637). An amount of £nil (2021: £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 commitment in respect of one former employee ceases in the next financial year.

The key financial estimates and assumptions are that the benefits will continue until the former employee reaches the age of 89, increase at 2.75% per annum, and to reflect fair value, are discounted at 2.7% per annum.

The total obligation at the year end was £78,385 (2021: £213,882), £7,591 is due within one year and the balance of £70,794 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.

# **FARNEY CLOSE SCHOOL LIMITED**

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

### **FOR THE YEAR ENDED 31 AUGUST 2022**

---

#### **26 Pension costs**

**(Continued)**

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%.

The pension costs paid to the TPS in the period amounted to £226,197 (2021: £238,485)

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.

#### **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.

# FARNEY CLOSE SCHOOL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 26 Pension costs

(Continued)

#### 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.

27 Cash generated from operations	2022 £	2021 £
Surplus for the year	569,352	196,267
Adjustments for:		
Investment income recognised in statement of financial activities	(17,067)	(16,564)
Gain on disposal of tangible fixed assets	-	(3,900)
Fair value gains and losses on investment properties	-	(92,718)
Depreciation and impairment of tangible fixed assets	99,632	65,347
Movements in working capital:		
Decrease in debtors	352,428	24,177
Increase in creditors	161,804	402,105
<b>Cash generated from operations</b>	<b>1,166,149</b>	<b>574,714</b>