

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 2023

FARNEY CLOSE SCHOOL LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	S G Deane C S Johns N M S G Bartholomew
Charity number	307024
Company number	00543113
Registered office and principal address	Bolney Court Crossways Bolney Haywards Heath West Sussex RH17 5RD
Auditor	TC Group The Courtyard Shoreham Road Upper Beeding Steyning West Sussex BN44 3TN
Accountant	Moore (South) LLP 9 St Johns Place Newport Isle of Wight PO30 1LH
Bankers	NatWest Bank Plc 1 Muster Green Haywards Heath West Sussex RH16 4AP

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 2023

The Trustees present their report and the audited financial statements of the Charity for the year ended 31 August 2023. 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 students 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 students 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 students.
- Provide students 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 students with a package of care that supports and develops their emotional maturity and meets their social educational needs.
- Provide students 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 students 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 2023

Safeguarding

The school continues to be committed to safeguarding and promoting the welfare of its students. 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 team is in place and consists of :

Designated Safeguarding Lead (Principal),

Two Deputy Designated Safeguarding Leads (Head of Care and the Schools Social Worker),

SENCO,

Nurse,

Vice Principal,

Head of Education (also the schools CEOP's ambassador),

Referrals and Inclusion Officer,

A Safeguarding Governor representative (an Ex-Head of Care).

Both the Principal and the Schools Social Worker are registered with Social Work England. The School Social Worker works with all students 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 increased over the last couple of years and plays a vital part in both the academic and social progress of all students. The school is on a journey to become a Trauma Informed school with training having taken place for all staff, two staff members undertaking the Trauma informed diploma and a review of behaviour policies having taken place as a result of this.

We celebrate diversity throughout the year. We have successfully been reissued our Rainbow Flag Award this year. Incidents of bullying are kept to a minimum by vigilant staff who intervene when it looks as though incidents may occur. Any episodes of bullying are recorded, and work is undertaken with these students to help them move forward. Weekly culture capital days enable us to not only educate our students but to also celebrate different cultures.

Incidents of student'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 students 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 students during the evening.

Various opportunities are offered to our students 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 2023

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) saw 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 students 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 students to be less testing and as a result they show less challenging behaviour.

The SLT are supported with half termly visits for our School Improvement Partner (SIP) and our National minimum Standards Independent Visitor. Both 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 students 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 students.

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 year 11 class of 2023, there were 7.

- 3 students achieved a GCSE at level 4 or higher.
- 5 students, all achieved at least a GCSE qualification in all their subjects (71.4%)
- 1 student achieved a GCSE qualification in 1 of their subjects (14.3%)
- 1 student achieved a GCSE qualification in 4 of their subjects (14.3%)

FARNEY CLOSE SCHOOL LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2023

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 students placed by various funding bodies.

The result of the operating plan for the academic year was a surplus on unrestricted funds of £256,868 (2022: £553,292), taking unrestricted funds to £5,729,505 (2022: £5,472,637).

Of the total funds, £4,211,865 (2022: £3,322,344) was in respect of buildings and fixed assets. Free reserves as the year end (net current assets in unrestricted funds less the revaluation reserve) was stated at £1,425,232 (2022: £2,057,576). The restricted funds increased by £24,266 (2022 - £16,060) as a result of pupil premium monies and equipment grants and donations. Restricted funds of £52,935 (2022: £24,266) were carried forward for expenditure in future periods.

A total of £1,020,607 (2022 - £664,156) was invested in fixed assets in the year, on major building works and projects, and upgrading of facilities. The major works to the main buildings were completed in the summer of 2023.

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 interest earned on funds of £24,971 (2022 - £17,067).

The charity needs to maintain reserves 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 student numbers and funding.

FARNEY CLOSE SCHOOL LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2023

PLANS FOR FUTURE PERIODS

Education

To increase our capacity from 72 to 100. This will support an increase of Key Stage 2 students as well as facilitating a new Inclusion unit which will be part of our local offer to maintain places of our more challenging students.

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

To further embed our primary provision, increasing our numbers in Key Stage 2 from 8 to 16. This includes continuing our journey to ensuring that our KS2 offer marries with the whole school approach and ensures a smooth transition between all Key Stages.

Increase the opportunity for outdoor learning with outdoor classrooms and a forest schools' area.

Achieve our Trauma Informed School award.

Care

We aim to continue to promote the importance of our residential experience in supporting students in learning through a 24-hour curriculum. Here the focus is on social and independent skills to enable the students 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 ongoing and forms part of the five year maintenance and development plan for the whole site. This will enhance the opportunities for enrichment and outdoor learning, whilst it improves 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 outside of the main school building was completed at the end of the 2022-23 school year.

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 students.

FARNEY CLOSE SCHOOL LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2023

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	(Resigned 16 November 2023)
S G Deane	
M Gibrill	(Resigned 16 November 2023)
C S Johns	
N M S G Bartholomew	

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.

Recruitment – Governors for school – active networking

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. Companies House requirements are now administered by our Finance Officer.

Organisational structure

The Trustees meet at least six times a year and whenever required, to review strategy and performance and to set operating plans and budgets. The Board of Trustees appoint Trustees when a vacancy arises. Governing Board members have designated areas of responsibilities that match their skills and knowledge. They conduct monitoring visits in their focussed area. 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 focus, and they report back to the main body.

FARNEY CLOSE SCHOOL LIMITED

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

FOR THE YEAR ENDED 31 AUGUST 2023

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 S Johns

Trustee

Dated: 23.5.24

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 2023 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 2023 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.
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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

29 May 2024
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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 2023

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Notes							
Income and endowments from:							
Donations and legacies	3	1,184	11,066	12,250	10,493	26,490	36,983
Charitable activities	5	4,234,473	31,722	4,266,195	4,228,230	14,394	4,242,624
Other trading activities	4	-	-	-	(1,770)	-	(1,770)
Investments	6	24,971	-	24,971	17,067	-	17,067
Other income	7	(596)	-	(596)	15,990	-	15,990
Total income		4,260,032	42,788	4,302,820	4,270,010	40,884	4,310,894
Expenditure on:							
Raising funds	8	-	-	-	3,086	-	3,086
Charitable activities	9	4,003,457	18,522	4,021,979	3,713,632	24,824	3,738,456
Total resources expended		4,003,457	18,522	4,021,979	3,716,718	24,824	3,741,542
Net income for the year/ Net movement in funds		256,575	24,266	280,841	553,292	16,060	569,352
Fund balances at 1 September 2022		5,472,637	28,669	5,501,306	4,919,345	12,609	4,931,954
Fund balances at 31 August 2023	22	5,729,212	52,935	5,782,147	5,472,637	28,669	5,501,306

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

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

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

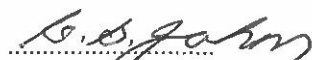
FARNEY CLOSE SCHOOL LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	14		4,211,572		2,572,344
Investment property	15		-		750,000
			<u>4,211,572</u>		<u>3,322,344</u>
Current assets					
Debtors	16	245,018		694,018	
Cash at bank and in hand		2,882,891		3,396,213	
		<u>3,127,909</u>		<u>4,090,231</u>	
Creditors: amounts falling due within one year	17	1,505,874		1,840,475	
		<u>1,505,874</u>		<u>1,840,475</u>	
Net current assets			1,622,035		2,249,756
Total assets less current liabilities			<u>5,833,607</u>		<u>5,572,100</u>
Creditors: amounts falling due after more than one year	18		(51,460)		(70,794)
			<u>(51,460)</u>		<u>(70,794)</u>
Net assets			<u>5,782,147</u>		<u>5,501,306</u>
The funds of the charity					
Restricted income funds	20		52,935		28,669
Unrestricted funds			5,729,212		5,472,637
			<u>5,782,147</u>		<u>5,501,306</u>

The financial statements were approved by the Trustees on 23.5.24



C S Johns
Trustee

Company registration number 00543113 (England and Wales)

FARNEY CLOSE SCHOOL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	27		477,354		1,166,149
Investing activities					
Purchase of tangible fixed assets	14	(1,020,607)		(664,156)	
Proceeds on disposal of tangible fixed assets		4,960		-	
Interest received	6	24,971		1,502	
Rent received		-		15,565	
Net cash used in investing activities			(990,676)		(647,089)
Net (decrease)/increase in cash and cash equivalents			(513,322)		519,060
Cash and cash equivalents at beginning of year			3,396,213		2,877,153
Cash and cash equivalents at end of year			2,882,891		3,396,213

The charity had no net debt during the year.

FARNEY CLOSE SCHOOL LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 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.

2 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.

2.1 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.

2.2 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.

2.3 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 or grantors 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.

2.4 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.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

2 Accounting policies

(Continued)

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.

2.5 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	2-10% per annum
Plant and equipment	20% on cost
Fixtures and fittings	20-33% 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.

2.6 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. During the year, the investment property was brought into use by the charity and reclassified as Freehold Land and Buildings.

2.7 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).

2.8 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.

2.9 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.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

2 Accounting policies

(Continued)

Basic financial assets

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

Basic financial liabilities

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

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.

2.10 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.

2.11 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 26, 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.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

2 Accounting policies

(Continued)

2.12 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.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total Unrestricted funds	Restricted funds	Total
	2023 £	2023 £	2023 £	2022 £	2022 £
Donations and gifts	1,184	11,066	12,250	-	26,490
Grants	-	-	-	10,493	-
	<u>1,184</u>	<u>11,066</u>	<u>12,250</u>	<u>10,493</u>	<u>36,983</u>

4 Income from other trading activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Letting and licensing arrangements	-	(1,770)

The debit balance in 2022 related to a refund for board and lodgings.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5 Charitable activities

	2023 £	2022 £
School fees within charitable activities	4,234,473	4,228,230
Pupil Premium	31,722	14,394
	<u>4,266,195</u>	<u>4,242,624</u>
Analysis by fund		
Unrestricted funds	4,234,473	
Restricted funds	31,722	
	<u>4,266,195</u>	
For the year ended 31 August 2022		
Unrestricted funds		4,228,230
Restricted funds		14,394
		<u>4,242,624</u>

6 Investments

	Unrestricted funds	Unrestricted funds
	2023 £	2022 £
Rental income	-	15,565
Interest receivable	24,971	1,502
	<u>24,971</u>	<u>17,067</u>

Rental income arose from letting Redwoods, the Charity's investment property during 2022. The property was brought into use by the school during the year.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

7 Other income

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Net gain on disposal of tangible fixed assets	(817)	-
Miscellaneous income	221	1,241
Insurance claims	-	14,749
	<u>(596)</u>	<u>15,990</u>

8 Raising funds

	2023	2022
	£	£
Investment property costs	-	3,086
	<u>-</u>	<u>3,086</u>

During the period, the investment property was brought into use by the school and there were no costs associated with the letting.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

9 Charitable activities

	2023 £	2022 £
Establishment	737,683	672,778
School expenses	2,648,237	2,480,445
	<u>3,385,920</u>	<u>3,153,223</u>
Share of support costs (see note 10)	591,705	526,532
Share of governance costs (see note 10)	44,354	58,701
	<u>4,021,979</u>	<u>3,738,456</u>
Analysis by fund		
Unrestricted funds	4,003,457	
Restricted funds	18,522	
	<u>4,021,979</u>	
For the year ended 31 August 2022		
Unrestricted funds		3,713,632
Restricted funds		24,824
		<u>3,738,456</u>

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

10 Support costs

	Support costs	Governance costs	2023	2022
	£	£	£	£
Depreciation	125,602	-	125,602	99,632
Salaries	355,232	-	355,232	299,895
Staff training	11,980	-	11,980	18,186
Sundry	4,211	3,219	7,430	8,201
Telephone	6,722	-	6,722	31,035
Office costs	8,467	-	8,467	9,997
Motor expenses	16,983	-	16,983	17,299
Computer expenses	46,949	-	46,949	27,800
Payroll	4,515	-	4,515	3,153
Professional fees	9,809	-	9,809	13,646
Bank charges	1,235	-	1,235	1,015
Audit fees	-	14,720	14,720	13,560
Accountancy	-	18,679	18,679	17,471
Legal and professional	-	7,736	7,736	24,343
	<u>591,705</u>	<u>44,354</u>	<u>636,059</u>	<u>585,233</u>

Auditor's remuneration in relation to audit services was £14,720 (2022- £13,560) including VAT.

11 Trustees

During the year six trustees claimed £2,713 (2022: three trustees £1,751) of expenses which relate to training, travel costs and trustee meetings.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
School	57	59
Establishment	11	12
Administration	6	6
	<u>74</u>	<u>77</u>

Employment costs

	2023 £	2022 £
Wages and salaries	2,435,388	2,365,999
Social security costs	236,711	221,640
Other pension costs	213,004	201,433
Benefits in kind - healthcare	22,573	22,076
Change in present value for pension obligation	(13,377)	(123,554)
	<u>2,894,299</u>	<u>2,687,594</u>

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

	2023 Number	2022 Number
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£80,000 - £89,999	-	1

The key management personnel of the charity comprise the Trustees and the senior management team, which comprised 4 roles (2022 - 5 roles); the Principal, Vice-Principal, Head of Education and Head of Care (2022 Operations Manager for part of the year). The total amount of employee benefits (including employer NI and pension contributions) received by key management personnel for their services to the trust was £314,757 (2022 - £333,890).

13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

14 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2022	4,730,429	274,866	411,257	49,677	5,466,229
Additions	919,535	-	101,072	-	1,020,607
Disposals	(27,975)	(43,905)	(207,305)	-	(279,185)
Transfer from investment property	750,000	-	-	-	750,000
At 31 August 2023	6,371,989	230,961	305,024	49,677	6,957,651
Depreciation and impairment					
At 1 September 2022	2,282,992	236,614	344,550	29,729	2,893,885
Depreciation charged in the year	78,255	9,461	33,686	4,200	125,602
Eliminated in respect of disposals	(27,975)	(38,969)	(206,464)	-	(273,408)
At 31 August 2023	2,333,272	207,106	171,772	33,929	2,746,079
Carrying amount					
At 31 August 2023	4,038,717	23,855	133,252	15,748	4,211,572
At 31 August 2022	2,447,437	38,252	66,707	19,948	2,572,344

15 Investment property

	2023 £
Fair value	
At 1 September 2022	750,000
Transfers to owner-occupied property	(750,000)
At 31 August 2023	-

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 was 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. The house was transferred to Freehold land and buildings, with the value at 31 August 2022 becoming the deemed cost.

16 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
School fees receivable	221,807	642,084
Prepayments and accrued income	23,211	51,934
	245,018	694,018

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

17 Creditors: amounts falling due within one year

	2023 £	2022 £
Fees in advance (see note 19)	1,315,503	1,327,785
Trade creditors	92,842	386,020
Other creditors	40,090	47,684
Accruals and deferred income	57,439	78,986
	<u>1,505,874</u>	<u>1,840,475</u>

18 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Future liabilities in respect of former staff obligations (see note 26)	<u>51,460</u>	<u>70,794</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:

	2023 £	2022 £
Fees in advance at 1 September 2022	1,327,785	1,343,423
Recognised as income in 2022-23 year	(1,327,785)	(1,343,423)
Fees invoiced prior to 31 August 2023, and carried forward to 2023-24	<u>1,315,503</u>	<u>1,327,785</u>
Fees in advance at 31 August 2023	<u>1,315,503</u>	<u>1,327,785</u>

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 September 2022	Incoming resources	Resources expended	At 31 August 2023
	£	£	£	£
Pupil Premium	11,859	35,011	(6,761)	40,109
Vocational building & equipment	6,487	7,277	(5,311)	8,453
Media suite	105	-	-	105
Education and childcare	50	-	(50)	-
Fair Fax & Morrisons	9,128	100	(6,000)	3,228
Vaccination funding	1,040	-	-	1,040
Coronation grant	-	400	(400)	-
	<u>28,669</u>	<u>42,788</u>	<u>(18,522)</u>	<u>52,935</u>
Previous year:	At 1 September 2021	Incoming resources	Resources expended	At 31 August 2022
	£	£	£	£
Pupil Premium	3,874	14,394	(6,409)	11,859
Vocational building & equipment	6,899	200	(612)	6,487
Media suite	105	-	-	105
Education and childcare	623	16,750	(17,323)	50
Fair Fax	1,108	8,500	(480)	9,128
Vaccination funding	-	1,040	-	1,040
	<u>12,609</u>	<u>40,884</u>	<u>(24,824)</u>	<u>28,669</u>

The restricted funds include Pupil Premium monies provided for enrichment by local authorities.

Other grants included as "Vocational building and equipment", "Media suite", "Education and childcare", and "Fair Fax and Morrisons" represented grants to support the purchase of equipment in support of student's learning and enrichment in the areas listed above.

Vaccination funding was a specific grant.

The Coronation Grant enabled celebration activities.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

21 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2022 £	Incoming resources £	Resources expended £	At 31 August 2023 £
General funds	5,472,637	4,260,032	(4,003,457)	5,729,212
Previous year:	At 1 September 2021 £	Incoming resources £	Resources expended £	At 31 August 2022 £
General funds	4,919,345	4,270,010	(3,716,718)	5,472,637

22 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
Fund balances at 31 August 2023 are represented by:			
Tangible assets	4,211,572	-	4,211,572
Current assets	1,569,100	52,935	1,622,035
Long term liabilities	(51,460)	-	(51,460)
	5,729,212	52,935	5,782,147
	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 August 2022 are represented by:			
Tangible assets	2,572,344	-	2,572,344
Investment properties	750,000	-	750,000
Current assets	2,221,087	28,669	2,249,756
Long term liabilities	(70,794)	-	(70,794)
	5,472,637	28,669	5,501,306

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £	2022 £
Acquisition of property, plant and equipment	-	480,642

At the year end the Charity had completed a major renovation of the main school buildings, with the comparative relating to commitments at the prior balance sheet date.

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:

	2023 £	2022 £
Within one year	9,048	6,237
Between two and five years	9,672	-
	<u>18,720</u>	<u>6,237</u>

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

25 Related party transactions

Transactions with related parties

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

Remuneration totalling £110,868 (2022 - £163,185) was paid to four (2022 - five) 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 2016.

The pension cost charge for the year ended 31 August 2023 was £169,670 (2022: £159,868). Contributions amounting to £22,089 (2022: £38,703) 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 2023 was £43,334 (2022: £41,565). An amount of £8,152 (2022: £nil) was due to this scheme at the year end.

The school has an unfunded constructive obligation to provide a defined benefit arrangement for one former member 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 £57,146 (2022: £78,385), £5,686 is due within one year and the balance of £51,460 in more than one year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

26 Pension costs

(Continued)

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 1 April 2024, with the previous figures as at 31 March 2016. The valuation report was published by the Department for Education on 21 November 2023.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% (previously 23.68%) of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion (previously £218 billion), and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222.2 billion (previously £196 billion giving a notional past service deficit of £39.8 billion (previously £22 billion)).
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% (previously 2.4%) above the rate of CPI.

The employer's pension costs paid to the TPS in the period amounted to £238,991 (2022: £226,197)

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 Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

FARNEY CLOSE SCHOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

27	Cash generated from operations	2023 £	2022 £
	Surplus for the year	280,841	569,352
	Adjustments for:		
	Investment income recognised in statement of financial activities	(24,971)	(17,067)
	Loss on disposal of tangible fixed assets	817	-
	Depreciation and impairment of tangible fixed assets	125,602	99,632
	Movements in working capital:		
	Decrease in debtors	449,000	352,428
	(Decrease)/increase in creditors	(353,935)	161,804
	Cash generated from operations	<u>477,354</u>	<u>1,166,149</u>