

FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2016

Company Number: 00905522

Charity Registration Number: 1157842

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**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

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**FOR THE YEAR ENDED 31 JULY 2016**

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## **FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

### **ANNUAL AND STRATEGIC REPORT OF THE DIRECTORS ON THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 JULY 2016**

The Board of Directors present their annual report for the year ended 31 July 2016 under the Companies Act 2006 and the Charities Act 2011, together with the audited consolidated financial statements of the charity and its subsidiary for the year.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Farleigh House Trustee Limited (the "Company") is a charitable company, registered charity number 1157842, company registration number 00905522. The Registered Office and principal address of the Company is at Red Rice, Andover, Hampshire, SP11 7PW.

#### **Directors**

The directors of the charitable company (the "Company") are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

- |   |  |
|---|--|
| * Mr T Syder (Chairman)                         | * Members of the Finance Committee               |
| * Mr K Abel                                     | # Members of the Academic and Pastoral Committee |
| * Mrs B Betton                                  |  |
| # Father Chad Boulton OSB (retired 2 July 2016) |  |
| Mrs C Cunningham MBE                            |  |
| # Mrs A Dixon-Green                             |  |
| Mr G Hamilton                                   |  |
| * Mr S Henderson                                |  |
| Mrs J Vyvyan                                    |  |
| # Mrs S Raffray                                 |  |
| * Mr Charles Ingram-Evans                       |  |
| # Mrs E Todd (appointed 2 January 2016)         |  |
| Father Oswald McBride (appointed 12 May 2016)   |  |

The full Board and the Finance Committee meet three times a year as a matter of routine and more frequently as circumstances require. New directors/governors are appointed by the Board of Governors, serve for 4 years at a time and are then eligible for re-election normally up to a maximum period of 12 years.

#### **Other Key Management Personnel**

The Reverend S C Everson, Headmaster  
Mr D J Boswell (appointed 1 January 2016), Director of Finance & Operations / Company Secretary  
Mrs E A Horwood (retired 31 December 2015), former Bursar  
Mr K Bradbury, Secondmaster  
Ms J Hillman, Head of Pre-Prep  
Mrs S Hulmes, Deputy Head of Development  
Mrs J Watts, Deputy Head of Academic

#### **Professional Advisors**

##### **Bankers:**

HSBC Bank Plc,  
West End Area Commercial Centre,  
2<sup>nd</sup> Floor, 16 King Street,  
London, WC2E 8JF

##### **Solicitors:**

Wilsons Solicitors LLP  
Alexandra House,  
St John's Street,  
Salisbury, SP1 2SB

##### **Auditors:**

RSM UK Audit LLP (formerly  
Baker Tilly UK Audit LLP)  
Highfield Court, Tollgate,  
Chandlers Ford,  
Hampshire, SO53 3TY

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**OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES**

The objects of the company are: the advancement of Roman Catholic education at Farleigh School; the furtherance of religion and education in accordance with the doctrines of the Roman Catholic faith; and the advancement of education; in each case for the public benefit.

***Strategic Aim and Intended Effect***

The school's strategic aim is to maximise pupil attendance of boys and girls at around 460 children, with as many as possible of the Roman Catholic faith and with a strong proportion of boarders.

***Objectives of the Year***

The Board's main objective continues to be the education of all Farleigh pupils to a high standard, enabling them to enter the senior schools of their choice for the furtherance of their education.

Farleigh School aims to live out its ethos as a Catholic school and in so doing to: ensure the development of its pupils, spiritually, morally, socially, intellectually and culturally; provide a broad and high quality education for children of mixed ability which will lay strong foundations for a fulfilling and rewarding life; prepare and educate each child for the appropriate first choice of senior school; make Farleigh a special place to enjoy a part of their childhood through warm pastoral care of the highest standard.

***Principal Activity***

The school's principal activity continues to be the spiritual, moral and academic development of children aged 3 to 13 through the operation of a co-educational Kindergarten, Pre-Preparatory and Preparatory School.

The activity of the unincorporated trust is to hold the property asset of the group in trust to ensure the principal activity can be undertaken.

**PUBLIC BENEFIT**

The Board has reviewed the Charity Commission's advice on public benefit and is satisfied that current activities are in line with this advice. The school's activities are designed to support the object of the company to further Roman Catholic education; the strong Catholic ethos of the school underpins the commitment of the school to serving others. Governors have nominated one of their number to lead, monitor and further develop the school's policy on Public Benefit, which is considered at each Governors' meeting.

For some time the Board has been considering ways in which the school might further the scope of its public benefit activities, including bursary provision, by opening up opportunities to children who would not normally be able to attend Farleigh School. In order to do this effectively the Board wanted to be certain that the school had the appropriate structures and systems in place to ensure that any child from a disadvantaged background coming to the school would be fully supported both at Farleigh and beyond. At the end of 2013/14 the school became one of the first prep schools in the UK to partner with the SpringBoard Bursary Foundation to ensure that the required support structures were in place. Funding of £50k was received from The Dillon Fund during 2015/16 (2014/15: £50k) to fund this initiative with subsequent pledges already received. The first fully funded pupil started at the school in September 2015 and it has proved to be a successful initiative. A further pupil will join the school in September 2016 and the aim is always to have a minimum of two full bursary pupils at the school providing funding can be maintained.

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Under the banner of 'Language and Communication Matters' the school arranges and hosts a series of events each year, targeted at special needs teachers in other local schools, primarily in the maintained sector, to assist them in supporting pupils with speech and language difficulties in whole class settings. Seminars were held during the year which were attended by practitioners from many local schools thus enabling Farleigh to extend its links with the local education community and create a tangible local benefit.

***The Chapel***

As part of the Parish of St John the Baptist, Andover, Fr Simon, as Chaplain and Headmaster, celebrates Mass in the Chapel on Sundays throughout the year which is regularly attended by 350 local parishioners and members of school families. Support is also given to the Parish, particularly pastoral support to members of the community as and when required, and £12,310 was donated to Parish funds from the Chapel collections. Chapel and school buildings are made available for Parish events and Confirmation Retreats. The Chapel is a collection point for the donation of food to the Andover foodbank.

***Charity & Community Outreach***

Farleigh School provides pupils with a wider education beyond the classroom and games pitches, giving them a variety of opportunities to become involved in community projects and charity fundraising. Through first-hand experience the children can appreciate and understand the importance of the links which the school has with the community and those who need support.

Farleigh has an established relationship with Icknield School through the Community Club, which now forms a compulsory part of the Farleigh Young Leaders Award. The club is a particularly special one, challenging the children to communicate and socialise with children whose needs are very different from their own. During the year, £750 was donated to Icknield School for the purchase of special equipment. The Countess of Brecknock Hospice also has close links with the school.

A new initiative (a music outreach programme) was started this year. For the first event, 13 pupils visited Winton Nursing Home which has a specialist Dementia Care wing and the pupils played music to the patients.

The school also supports the charity 'Let the Children Live', which helps street children in Colombia. This is a charity with which Farleigh has had connections for several years and which gives excellent feedback on how the school's donations are spent via regular correspondence and an annual live video link.

***Collaboration with Local Schools and Sporting Facilities***

The swimming pool has provided a range of opportunities for local schools. Seven schools used the pool for their school swimming sessions and some also benefited from the use of the school's minibuses and drivers. Two senior schools and a prep school used the swimming pool for GCSE course work and assessments.

Apart from its use by school children, a number of local swimming schools hire the pool for the teaching of swimming and for instructing swimming teachers. During the year the pool was hired by several local clubs: RA Pony Club for Tetrathlon competition training; local scout groups for fun swim sessions; sponsored swim in aid of PHAB Kids. Local residents, including families and children, use the facility on a membership basis.

We continue to have links with Anton Junior School, providing the school with transport to and from our swimming facilities. One of our staff members is their Community Governor providing literacy support, judging competitions, assisting on their trips to the British Museum and, this year, helped establish Book Week with an author visit at Anton School that was also attended by Farleigh pupils.

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**Other Fundraising and Charity Projects**

Parents, staff and pupils have supported the Andover foodbank throughout the year and its link with the school has continued to grow. The children at Farleigh are given opportunities to see first-hand how their donations make a difference in the community. Every Easter the pre-prep and prep School collect Easter eggs for the foodbank to give to local families and in the autumn term, contribute to the Harvest Collection and prepare Christmas gift boxes for local families in crisis.

During the year the school raised £4,592 for HCPT – The Pilgrimage Trust. HCPT is a Catholic charity which directly corresponds to our foundation objects.

Farleigh choirs joined Military Wives Choirs (Middle Wallop, Salisbury Plain and Tidworth with representatives from Sandhurst and Upavon too) for a charity choral concert in the school's sports hall. The total raised and given to the Military Wives Foundation (part of SSAFA group) was £2,385.

The Farleigh jazz band performed at the launch of a new local charity, Kids on Track (Andover). This charity organises activity camps held at Farleigh, days out and general support for local young people in need. The charity is run independently by Farleigh parents and the launch party, attended primarily by current and former Farleigh parents, raised £14,800.

The facilities of the school are made freely available for other charitable fund raising events and termly contributions continue to be made to the Royal National Children's Foundation (£2,570 for the year) to support the work it does with vulnerable children.

Other pupil led fund raising initiatives were undertaken throughout the year, in particular relating to a current and former pupil of the school. £1,660 was raised for the Alex Lewis Trust following an inspirational talk Alex gave at the school about his experience. £1,360 was raised for the Southampton Hospital Paediatric Intensive Care Unit (PICU) where a current pupil had been cared for after a serious viral infection.

**Development & Farleigh Society**

Farleigh School appointed a Director of Development in July 2015, to work alongside the Farleigh Society. The aim of the Development office is to foster, in all those connected with Farleigh, a life-long interest in sustaining the school's principles and securing its future. This is done through increased engagement opportunities, communications, and strategic fundraising for school projects.

The first year of Farleigh's Development activities has been busy and rewarding. Following induction, research and individual meetings, a three-year strategic plan was produced. A new, relational CRM database was set up, following data capture and cleansing. Development project and appeal work began (including running stewardship, engagement and cultivation events). *The Farleigh Tree* brand was created (*'extending branches, deepening roots'*) and its linked termly e-newsletter and headline events have been offered each term.

Work has actively begun on appeals, most prominently the music appeal and leavers' gift – and planning for a full bursaries appeal in 2017. Various other Development events took place, including 'what is Development' sessions, focus groups and the first stewardship events for past donors.

Farleigh has been represented at various Development-sector events, including the Council for Advancement and Support of Education (CASE) and the Institute of Development Professionals in Education (IDPE). The Director of Development is the IDPE national Chair of the Prep Schools Forum.

Farleigh Society continued to provide events and communications for its members, including a pub reunion in London and the Society's publication, *The Farleigh Society Review*. Work has been undertaken to encourage membership to update their email addresses in order to better tailor communications and reduce print and paper costs and environmental impact.

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***Assistance with Fees***

The company has no endowments. Alongside its SpringBoard full bursaries the school offers discounts of up to 50% of fees to allow those who might otherwise be unable to afford full fees to attend Farleigh. Means tested assistance through discounted fees has been made to 19 pupils amounting to £70k (2015: 15 pupils amounting to £63k). To help enable members of the Armed Forces to afford boarding fees a reduction of 15% is applied by which the school forgoes some £56k of income (2015: £40k). Additionally, help is given to larger families assisting some further 39 children with a value of about £90k (2015: £68k). The total fee assistance for 112 pupils amounted to £268k (2015: £213k) of foregone income to the school.

**STRATEGIC REPORT**

***Financial Review***

Total income for the year amounted to £7,989,639, including £349,989 of trading and other income. Total expenditure amounted to £7,626,664. The surplus funds available for reinvestment in the facilities of the school amount to £362,975 (2015: £518,643).

Borrowings reduced by £43,333 to £216,668. Unrestricted funds of the charity increased by £331,483 to £14,456,759, these are invested in tangible fixed assets.

The directors feel that they will be able to carry on the activities of the company, as anticipated incoming resources will be more than sufficient to cover expected costs.

***Reserves***

The unrestricted funds of the school stood at £14,456,759 at the year-end, wholly deployed as part of the school's premises and equipment, and with the need for day-to-day working capital being met by careful management of short-term liquid resources. The land has been revalued by an independent valuer, on the basis of fair value, at the date of transition to FRS102 which is reflected in a revaluation reserve within unrestricted funds.

The Board consider that free reserves of £400k, or one month's expenditure, would be desirable in order to cover the risks and uncertainties of operating as an independent educational establishment.

Reserves continue to be built up out of annual operating surpluses subject to the prior demands of further capital expenditure to equip the school with the up-to-date facilities needed to maintain the high standard of educational services. The free reserves level at the year end totalled a deficit of £1,184,968 (2015: a surplus of £956,052) due to the undertaking of capital plans for the school.

***Investment Performance***

As the financial resources of the school are needed at times to support the annual cash flow, any uncommitted funds are placed on the money market. Interest received amounted to £4,730 (2015: £10,104).

***Revaluation***

As part of the transition to FRS102 the Board have had a revaluation carried out by independent valuers of the land and property of the school. As at 31 July 2015 the freehold property and land had a fair value of £24m. For prudence, the Board has decided to show the revaluation for the land value only in the balance sheet. The reserve after the land revaluation is £5.9m.

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**REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR**

***Pupil numbers and fees***

Overall pupil numbers continue to be strong and averaged 447 over the year. Boarding is an important part of the school's life with over 19% of prep school pupils boarding during the year and a further 23 children undertaking regular flexi-boarding. There were 175 pupils of the Roman Catholic faith in school (2015: 173), representing around 39% of the total, evidence of the continuing demand for the Christian education delivered by the school.

Fee rates are set annually and any increases are agreed by the Governors. The fees, before means tested bursaries, for 15/16 were as follows:

Kindergarten and Pre-Prep £1,635 - £3,275

Junior £5,955 - £6,985

Senior £5,955 - £7,750

Key performance indicators have been noted above in this report.

***Operational Performance***

In November 2013 the school was inspected by the Independent Schools Inspectorate (ISI). ISI does not give a single overarching assessment but instead gives a clear judgement on each aspect of a school's work. There are nine assessment categories which cover the quality of academic and other achievements, the quality of pupils' personal development and the effectiveness of governance, leadership and management. In all categories the performance of the school was judged by ISI to be Excellent.

***Teaching and Learning***

The teaching and learning at Farleigh continues to be something of which we are extremely proud. Our Year 8s have been highly successful with many going on to some of the country's top schools, including seven boys to Radley, two to Harrow, two to Winchester, five pupils to Marlborough and two to Wellington. The rest of the year group went to a wide range of senior schools, several choosing Catholic schools - Ampleforth, St Mary's Ascot, St Mary's Shaftesbury and Stonyhurst.

Once again, there were many successes to celebrate in terms of awards, including an Academic Scholarship to Godolphin School and an Academic Exhibition to Wellington College. Three of our pupils achieved Sports Awards, two to Sherborne School and one to Sherborne Girls. Two gained Drama awards, one to Godolphin and one to Radley College. Other awards included the St Francis Xavier Award to Stonyhurst College, a major Music Scholarship to Sherborne School, a Music Exhibition to Wellington College and one to Godolphin School, as well as an Art/DT scholarship to Sherborne Girls.

These awards reflect the all round talent in the school and the excellent teaching in all departments. Much of this success is down to talented teachers who are extremely dedicated to the pupils.

***Chapel***

This year 27 children made their First Holy Communion and we welcomed more than 300 guests to the school. The Chapel continues to be full for Sunday Mass and we are very grateful for the particular support of Douai and Downside Abbeys who send a team of priests on a regular basis to celebrate the Sacrament of Reconciliation.

During the year the Chapel was extended to seat more parishioners, and to ensure all staff and pupils are able to celebrate Mass and other religious assemblies together.

***Sport***

We were delighted to complete the construction of a new all-weather hockey pitch this year which has significantly enhanced the school's already substantial facilities.



## FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY

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#### FOR THE YEAR ENDED 31 JULY 2016

Sport plays a very important part in the life of Farleigh. The school's aim is to engage, develop and include all of our pupils, encouraging them to do their best at all times. The philosophy is pupil-centred and inclusive; the emphasis is on taking part and enjoyment, and hard work is an attribute that we value very highly.

Our pupils have the opportunity to play and compete in a number of different sporting activities; boys play football, rugby and cricket as their major 'team' games, while girls play hockey, netball and rounders (they have also started playing cricket and this has proved so popular that we have started to arrange matches for them against other schools). We try hard to get all pupils playing at least once a week and there are well over 200 playing every Wednesday and Saturday afternoon. The pupils can also choose to swim, play tennis, run cross-country, enter horse-riding events and take part in athletics competitions during their time here as well as trying out many different sports (e.g. badminton, golf, gymnastics, lacrosse, softball, and table tennis) in our activities programme.

The school enjoyed another strong athletics season with enthusiastic participation at all levels from Pre-Prep upwards. All prep school pupils were given the opportunity to take part in specialist coaching sessions. During the season Farleigh athletes broke five long standing school records. For the fourth year, Farleigh ran the Senior Wessex area event, hosting 27 schools and over 1,000 athletes.

#### **Art, DT, Music and Drama**

The profile of music within and outside of the school remains extremely high and we continue to build for the future. Work began on the construction of a new Music School housing 12 individual teaching and practice rooms, a classroom, dedicated fully soundproofed drum room and a recording studio. At the heart of the building is a concert hall with seating for 120 people on retractable tiered seating.

The number of instrumental lessons reached 383 each week during the year and the department now employs 18 members of staff. Three pupils gained music scholarship awards to their senior schools this year whilst others offered music as part of their success in all round awards.

There were 42 musical events involving over 20 ensembles, in and outside of Farleigh, and we were once again represented on a national level by Five Foot Six (one of our jazz ensembles) who were asked to perform at the National Union of Teachers' Conference in Brighton. We regularly participate in events organised by senior schools, further enhancing our relationships and musical reputation with them.

Exam results continued the recent upward trend, with 185 pupils taking practical and theory exams and 60% of pupils achieving either a merit or distinction. In March we held a combined choral concert with members of local Military Wives' Choirs. The evening raised £2,385 for the Military Wives' Choirs Foundation. Our facilities were also opened up for the use of professional musicians when we welcomed The Locrian Ensemble to perform to members of the public. This is something we are keen to expand upon in the future with the completion of the Music School.

Drama continues to take a high profile in the school and has undergone significant development this year. The school now employs a drama teacher and its facilities are regularly used in the holidays by external drama groups. Every year group in the school took part in a dramatic production: Year 3 performed adaptations of works by Roald Dahl; Year 4 performed a short Easter musical entitled *The Man from Galilee*; Year 5 performed some of Roald Dahl's *Revolting Rhymes*; Year 7 celebrated the works of William Shakespeare. The two big productions involved pupils from Year 6 and Year 8 in performances of *The Little Mermaid* and *The Lion King* respectively. Two pupils were successful in gaining drama scholarships to their senior schools and LAMDA continues to be a popular activity.

This year the Art Department held a Prep School Art Show in which every child exhibited. They all chose the subject matter and media to create their own individual piece. The whole school has also taken part in a House Art Competition in which the children have created images inspired by their favourite books. The standard of work was outstanding and the winning entries have been framed and displayed in the library. The Scholarship Exhibition displayed the work of the candidates, two of whom had received scholarships to their chosen schools and one awarded A\* for their portfolio.

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The DT department continued to build on the previous year's success, with two candidates achieving Design Technology scholarships to their chosen schools. To aid potential scholars of the future in pursuing a similar goal, the head of department is writing a dedicated programme of study/guide book to assist them. This will be ready for the new academic year 2016.

***Pre-Prep***

The Pre-Prep has enjoyed a very successful year and there are a number of exciting developments in the pipeline. Maths and science teaching have been enhanced with the appointment of subject co-ordinators and specialist training for staff. RE has also benefitted from a dedicated subject co-ordinator and the introduction of religious services to support the ethos of the school. This has been further enhanced by developments in the PSHE curriculum and the promotion of British Values. ICT resources have improved with the introduction of more iPads.

The main entrance to the Pre-Prep building has benefitted from a make-over that has made it feel more welcoming and homely, and plans are well advanced for a complete refurbishment of the playground in the forthcoming year.

**PLANS FOR FUTURE PERIODS**

To aim for strong pupil numbers of around 460 and to encourage children to take up full and weekly boarding, the Board, and the school's senior management team, continue to develop and implement a plan to ensure the medium and long term success of the school. The plan is centred on four key areas: further development of the core ethos of the school; reviewing the curriculum and discerning the right course for the future; further strengthening the appeal of boarding, and reviewing the school's Master Plan for the estate with a view to providing the facilities which will be required for the future. The new Music School will be completed by the end of 2016 and a number of smaller projects are planned over the next few years to consolidate and enhance existing buildings.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the company and charity are considered to be:

- severe damage to its reputation leading to reduced pupil numbers and financial difficulty;
- closure of the school's premises for whatever reason;
- serious financial difficulty or legal action.

***Risk Management***

The Governors maintain oversight of the risks facing the charity as an educational trust as well as the school as an operating entity. Major risks are assessed and the systems and procedures designed to manage those risks are reviewed. Internal controls and other means of mitigating the risks, such as appropriate insurance cover, are in place. There is a third party indemnity insurance for the Governors in place.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

***Recruitment of Governors***

Governors are elected at a meeting of the Board of Governors on the basis of nominations forwarded by the Nominations Sub-Committee after due consideration of their eligibility and suitability to fill any vacancies. Names are forwarded to the Nominations Sub-Committee by Governors and the Headmaster for evaluation against agreed criteria. The Board comprises up to 14 members, of which at least a two thirds majority are Roman Catholics and at least two should be parents of children in the school. Governors serve for periods of four years and after re-election can normally serve up to a term of 12 years (which may be extended in certain circumstances agreed by the Board to ensure consistency and continuity).

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***Trustee Induction and Training***

New Governors are inducted into the workings of the company and the school through briefings by fellow Governors and key executives, and the provision of a comprehensive information pack. A visit to the school soon after election and attendance on a course for new Governors, run by the Association of Governing Bodies in Independent Schools, is arranged. Training is made available for all Governors and funded by the school.

***Key Management Personnel***

The Governors consider that they, together with the Head, the Director of Finance & Operations and the senior managers, comprise the key management personnel (see note 7 to the accounts). The Governors give their time freely and the pay and remuneration of the Head and senior staff is set by the Finance Committee and is kept under annual review. A number of criteria are used in setting pay:

- Nature of the role and responsibilities
- Competitor salaries in the region
- The sector average salary for comparable positions
- Trends in pay

Governors are appointed as outlined in 'Recruitment of Governors' above. Other key management personnel are appointed by the advertisement of the relevant role and a selection process with shortlisted candidates going through a series of interviews.

***Organisational Management***

The Board of Governors determines the general policies of the school and is legally responsible for its overall management and control.

The Governors meet as a board at least once each term to consider business brought to them by sub-committees, the Headmaster and the Director of Finance & Operations. The two principal sub-committees, the Academic and Pastoral sub-committee and the Finance and General Purposes sub-committee, meet at least termly, in advance of the main meeting. An Audit Review sub-committee oversees the external audit process. The day-to-day running of the school is delegated to the Headmaster who is assisted by senior managers.

***Organisational Structure and Relationships***

The company belongs to the Association of Governing Bodies in Independent Schools, so enabling Governors to attend seminars on governance and other matters. The school has membership of the Independent Association of Preparatory Schools, the Boarding Schools' Association and the Catholic Independent Schools' Conference.

The school also oversees its association of over 2,300 ex-pupils, The Farleigh Society, and organises reunion events both on site and in the community. Particular effort has been made to keep ex-pupils in touch with both their peers and with the school.

As well as the Governors being on a volunteer basis, the school also has a group of volunteers who are current parents, assisting in the uniform shop. They provide valuable help in the shop for a few hours each week during term time and help new families integrate into the Farleigh community.

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping accounting records which disclose, with reasonable accuracy, the financial position of the company at any time, and which enable them to ensure that the financial statements comply with the Companies Act 2006.

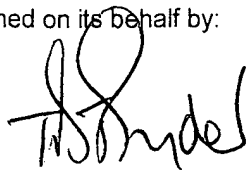
The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

In accordance with the Charities Act 2011, a resolution proposing that RSM UK Audit LLP be reappointed as Auditors of the charity will be put to a General Meeting. RSM UK Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Board of Governors confirms there is no relevant information of which the auditors are not aware. They have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

The Directors' and Strategic reports are approved by the Board at its meeting on 9<sup>th</sup> February 2017 and signed on its behalf by:



Mr T Syder  
Chair of Governors

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**  
**INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF**  
**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**Opinion on financial statements**

We have audited the financial statements of Farleigh House Trustee Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 July 2016 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2016 and of the group's incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Directors' responsibilities set out on page 12 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBIDIARY**  
**INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF**  
**FARLEIGH HOUSE TRUSTEE LIMITED (continued)**

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.

Michaela Johns (Senior Statutory Auditor)

*RSM UK Audit LLP*

For and on behalf of RSM UK AUDIT LLP (Formerly Baker Tilly UK Audit LLP)  
Statutory Auditor  
Chartered Accountants  
Highfield Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3TY

Date 15-2-17

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING CONSOLIDATED INCOME & EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 JULY 2016**

	Note	Unrestricted Funds 2016 £	Designated Fund 2016 £	Restricted Funds 2016 £	Total 2016 £
<b>INCOME</b>					
Donations and legacies	4	36,722	-	59,350	96,072
<i>Income from charitable activities</i>					
School operating income		7,538,848	-	-	7,538,848
<i>Income from other trading activities</i>					
Trading income	5	349,989	-	-	349,989
Investment income		4,730	-	-	4,730
<b>Total incoming resources</b>		<b>7,930,289</b>	<b>-</b>	<b>59,350</b>	<b>7,989,639</b>
<b>EXPENDITURE</b>					
<i>Costs of raising funds</i>					
Trading expenditure	6	85,874	-	-	85,874
<i>Expenditure on charitable activities</i>					
School operating costs	6	7,483,634	29,298	27,858	7,540,790
<b>TOTAL EXPENDITURE</b>		<b>7,569,508</b>	<b>29,298</b>	<b>27,858</b>	<b>7,626,664</b>
<b>NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS FOR THE YEAR</b>					
		360,781	(29,298)	31,492	362,975
<i>Reconciliation of funds</i>					
Total funds brought forward	18	14,095,978	29,298	135,073	14,260,349
<b>Total funds carried forward</b>	<b>18</b>	<b>14,456,759</b>	<b>-</b>	<b>166,565</b>	<b>14,623,324</b>

Comparatives are shown on page 16. All activities are classed as continuing.

There are no other recognised gains or losses other than those detailed above.

The notes on pages 19 to 35 form part of these financial statements.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING CONSOLIDATED INCOME & EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 JULY 2015**

	Note	Unrestricted Funds 2015 £	Designated Fund 2015 £	Restricted Funds 2015 £	Total 2015 £
<b>INCOME</b>					
Donations and legacies	4	21,286	-	68,013	89,299
<i>Income from charitable activities</i>					
School operating income		7,171,347	-	-	7,171,347
<i>Income from other trading activities</i>					
Trading income	5	321,837	-	-	321,837
Investment income		10,104	-	-	10,104
<b>Total incoming resources</b>		<b>7,524,574</b>	<b>-</b>	<b>68,013</b>	<b>7,592,587</b>
<b>EXPENDITURE</b>					
<i>Costs of raising funds</i>					
Trading expenditure	6	130,030	-	-	130,030
<i>Expenditure on charitable activities</i>					
School operating costs	6	6,942,719	-	1,195	6,943,914
<b>TOTAL EXPENDITURE</b>		<b>7,072,749</b>	<b>-</b>	<b>1,195</b>	<b>7,073,944</b>
<b>NET INCOME/(EXPENDITURE) AND NET</b>		<b>451,825</b>	<b>-</b>	<b>66,818</b>	<b>518,643</b>
<i>Reconciliation of funds</i>					
Total funds brought forward		13,644,153	29,298	68,255	13,741,706
<b>Total funds carried forward</b>	<b>18</b>	<b>14,095,978</b>	<b>29,298</b>	<b>135,073</b>	<b>14,260,349</b>

The notes on pages 19 to 35 form part of these financial statements.

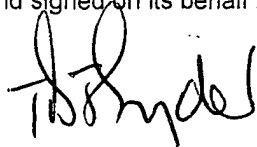


**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**  
Company number 00905522

**CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2016**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	8	15,858,395	13,788,525	256,874	233,246
Investments	9	-	-	-	-
		<b>15,858,395</b>	<b>13,788,525</b>	<b>256,874</b>	<b>233,246</b>
<b>Current assets</b>					
Stock	10	127,491	123,118	127,491	123,118
Debtors	11	266,701	2,355,772	2,687,912	2,355,772
Cash at bank and in hand		578,057	2,348,731	578,057	2,348,731
		<b>972,249</b>	<b>4,827,621</b>	<b>3,393,460</b>	<b>4,827,621</b>
<b>Liabilities</b>					
Creditors falling due within one year	12	(1,279,049)	(3,478,474)	(1,241,048)	(3,478,474)
<b>Net current (liabilities)/assets</b>		<b>(306,800)</b>	<b>1,349,147</b>	<b>2,152,412</b>	<b>1,349,147</b>
<b>Total assets less current liabilities</b>		<b>15,551,595</b>	<b>15,137,672</b>	<b>2,409,286</b>	<b>1,582,393</b>
<b>Creditors: falling due after more than one year</b>	14	<b>(804,271)</b>	<b>(769,323)</b>	<b>(804,271)</b>	<b>(769,323)</b>
Provisions for liabilities	15	(124,000)	(108,000)	(124,000)	(108,000)
<b>Net assets</b>		<b>14,623,324</b>	<b>14,260,349</b>	<b>1,481,015</b>	<b>705,070</b>
<b>Funds</b>					
Unrestricted funds	18	14,456,759	14,095,978	1,314,450	540,699
Restricted funds	18	166,565	135,073	166,565	135,073
Designated funds	18	-	29,298	-	29,298
<b>Total funds</b>	19	<b>14,623,324</b>	<b>14,260,349</b>	<b>1,481,015</b>	<b>705,070</b>

The Financial Statements were approved by the board on .....  
and signed on its behalf by



Mr T Syder  
Chairman

9<sup>th</sup> February 2017

The notes on pages 19 to 35 form part of these financial statements.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**CASH FLOW STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>23</b>	438,141	819,471	(2,031,071)	819,471
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income		4,730	10,104	4,730	10,104
Bank interest paid		(3,689)	(4,329)	(3,689)	(4,329)
Purchase of tangible fixed assets		(2,623,406)	(812,755)	(154,194)	(812,755)
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		(2,622,365)	(806,980)	(153,153)	(806,980)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of borrowing		(43,333)	(43,333)	(43,333)	(43,333)
Fees received in advance		456,883	347,792	456,883	347,792
<b>CASH USED IN FINANCING ACTIVITIES</b>		413,550	304,459	413,550	304,459
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		(1,770,674)	316,950	(1,770,674)	316,950
Cash and cash equivalents at the beginning of the year		2,345,379	2,028,429	2,345,379	2,028,429
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		574,705	2,345,379	574,705	2,345,379

The notes on pages 19 to 35 form part of these financial statements.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**1. ACCOUNTING POLICIES**

The accounting policies adopted by the company are as follows:

**Basis of preparation**

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Farleigh House Trustee Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Monetary amounts in these financial statements are rounded to the nearest whole £1 except where indicated.

**Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £250,844. The school is paying contributions towards a pension deficit (see note 7 the total liability is now recognised in the accounts and at 31 July 2016 is £124,000, (2015 £108,000), the 2015 comparatives have been restated include this liability.

Reconciliation of group funds and balances:

	1 August 2014	31 July 2015
	£	£
Fund balances previously stated	8,753,105	9,288,947
Short-term compensated absences	(255,399)	(280,598)
Provision for liability	(116,000)	(108,000)
Revaluation of land	5,360,000	5,360,000
	<hr/>	<hr/>
Fund balances as restated	13,741,706	14,260,349
	<hr/>	<hr/>

The opening fund balances at the date of transition have been restated as above in making the transition to FRS102. The transition date was 1 August 2014.

**Group financial statements**

The financial statements consolidate the results of Farleigh House Trustee Limited and the unincorporated trust Farleigh House Educational Trust on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption affected by section 408 of the Companies Act 2006.

**Preparation of the accounts on a going concern basis**

The Financial Statements have also been prepared on the basis of the group continuing to operate as a going concern in the foreseeable future.

**Incoming resources**

Boarding and Tuition Fees are included within the Financial Statements on a receivable basis. Amounts invoiced in advance are deferred and carried forward within creditors and accruals, whilst amounts due but not yet received in the year are shown within debtors and prepayments. Fees from related parties are accounted for in the same way.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**1. ACCOUNTING POLICIES (CONTINUED)**

Donations are included within income on a receivable basis.

Trading income, which includes monies from services, rental and letting, is accounted for on a receivable basis.

**Fees and similar income**

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from Restricted Funds for Scholarships, Bursaries and other grants. Fees received in advance of education to be provided in future years under an Advance Fee Payments Scheme contract are held as interest-bearing liabilities until either taken to income in the term when used or else refunded.

**Investment income**

Interest receivable on sums invested in bank deposit accounts is recorded gross. The company is not liable to tax on this income.

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred. Expenditure is analysed into such categories as to reasonably enable the user to gain an appreciation of the company's expenditure during the year. Central staff costs and some overhead expenses are allocated to activities on the basis of the time spent on those activities.

Governance costs comprise the cost of running the company, including strategic planning for its future development also external audit, any legal advice and costs of complying with constitutional and statutory requirements.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office, finance, personnel, payroll and governance costs which support the charity's activities. These costs are identified within administration costs, those costs which support trading activities are identified separately within trading expenditure.

**Pension schemes**

The school participates in a multi-employer pension scheme, the Government's Teachers' Pension Defined Benefits Scheme, for its teaching staff. This scheme is administered by Teachers' Pensions. The pension liability under this scheme is not the responsibility of the school.

The school also participates in a separate multi-employer scheme, The Pensions Trust's Growth Plan, for the benefit of support staff. Contributions paid into the Plan up to and including September 2001 were converted into defined benefits. From October 2001 contributions were invested in personal funds which are converted to pension on retirement. It is not possible to identify the assets and liabilities attributable to the school in either of these schemes. Accordingly under FRS102 they are accounted for as if they were Defined Contribution Schemes.

Further information on these schemes is provided in note 7.

**Tangible Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost, being purchase price, or deemed cost for land and buildings held at valuation at the date of transition to FRS 102 less accumulated depreciation and any impairment losses. A lower limit of £1,000 is applied to individual items that are capitalised. Depreciation is calculated and charged on assets, excluding freehold land, to write off the cost of fixed assets to their residual value over their expected useful lives to the group. The annual depreciation rates and methods of calculation are as follows:

# FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

### 1. ACCOUNTING POLICIES (CONTINUED)

Freehold land	- no depreciation
Freehold property	- 2.5% & 10% Straight line
Improvements to premises	- 2.5% & 10% Straight line
Furniture and equipment	- 20% Straight line
Motor vehicles	- 25% Reducing balance
Computer equipment	- 33% Straight line

The valuation of freehold property and improvements to premises has not been updated. Freehold premises were previously revalued in 1987.

Assets under construction are stated at cost, being the total cost incurred to date with no depreciation being charged until the asset comes into full use.

#### Deemed cost of fixed assets

Specific fixed assets have been revalued to deemed cost as allowed upon transition of FRS 102 based on assumptions made by a Property Consultant. The trustees are satisfied that the assumptions made are appropriate.

#### Leased assets

The charity classifies the lease of printing and the minibuses as operating leases; the title to the equipment remains with the lessor and the equipment is replaced every 4-5 years whilst the economic life of such equipment is at least 10 years. Rental charges are charged on a straight line basis over the lease term.

#### Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are measured at amortised cost using the effective interest method.

#### Borrowing costs

Borrowing costs relating to freehold land & buildings or improvements which are directly attributable to the acquisition, construction or production of the asset are capitalised. All other borrowing costs are expensed as incurred.

#### Stocks

Stocks are stated at the lower of their cost, being purchase price, and net realisable value.

#### Debtors

Trade and other debtors are recognised at settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

#### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The pension liability provision referred to above and in note 7 is based on assumptions and estimates provided by The Pension Trust, the Farleigh Trustees are satisfied that The Pension Trust estimates are reasonable. There are considered to be no other estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**1. ACCOUNTING POLICIES (continued)**

*liabilities within the next financial year.*

**Employee benefits**

The cost of employee benefits are recognised as an expense in the period to which they relate.

**Termination payments**

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity (daily).

**Taxation Status**

The charities are exempt charities and are therefore not liable to Corporation Tax in respect of its charitable activities.

**Fund Accounting**

The nature and purpose of each fund is described in note 18.

Unrestricted funds are defined as income realised or generated for the objectives of the group without further specified purpose and which are available as general funds.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, will be identified to the fund.

Designated funds are to be used for a specific purpose as laid down by the Directors. Expenditure which meets these criteria will be identified to the fund.

**2. LEGAL STATUS OF THE TRUST**

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.

**3. FINANCIAL PERFORMANCE OF THE CHARITY**

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary. The charity's financial performance is summarised as follows:

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

	Unrestricted Funds 2016 £	Designated Fund 2016 £	Restricted Funds 2016 £	Total 2016 £	Total 2015 £
<b>INCOME</b>					
Donations and legacies	36,722	-	59,350	96,072	89,299
<i>Income from charitable activities</i>					
School operating income	7,538,848	-	-	7,538,848	7,171,347
<i>Income from other trading activities</i>					
Trading income	349,989	-	-	349,989	321,837
Investment income	4,730	-	-	4,730	10,104
<b>Total incoming resources</b>	<u>7,930,289</u>	<u>-</u>	<u>59,350</u>	<u>7,989,639</u>	<u>7,592,587</u>
<b>EXPENDITURE</b>					
<i>Costs of raising funds</i>					
Trading expenditure	85,874	-	-	85,874	101,586
<i>Expenditure on charitable activities</i>					
School operating costs	7,070,664	29,298	27,858	7,127,820	6,731,810
<b>TOTAL EXPENDITURE</b>	<u>7,156,538</u>	<u>29,298</u>	<u>27,858</u>	<u>7,213,694</u>	<u>6,833,396</u>
<b>NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS FOR THE YEAR</b>	773,751	(29,298)	31,492	775,945	759,191
<i>Reconciliation of funds</i>					
Transfer between funds	-	-	-	-	(54,121)
Total funds brought forward	540,699	29,298	135,073	705,070	-
<b>Total funds carried forward</b>	<u>1,314,450</u>	<u>-</u>	<u>166,565</u>	<u>1,481,015</u>	<u>705,070</u>

**4. INCOME FROM DONATIONS AND LEGACIES**

	2016 £	2015 £
Gifts	<u>96,072</u>	<u>89,299</u>

The income from donations and legacies is made up of unrestricted £36,722 (2015: £39,299) and restricted £59,350 (2015: £50,000). The restricted income is made up of £50,000 in respect of the Dillon Fund and £9,350 for the music school appeal, see note 18.

**5. TRADING AND ANCILLARY INCOME**

	2016 £	2015 £
Holiday activities	29,835	17,707
Insurance	743	1,493
Clothing shop	65,863	83,296
Swimming pool	73,759	65,640
Disbursements and miscellaneous	179,789	153,701
	<u>349,989</u>	<u>321,837</u>

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**6. EXPENDITURE**

	2016 £	2015 £
<b>Trading expenditure</b>		
Cost of goods sold	37,314	80,304
Clothing shop and swimming pool salaries	27,547	28,444
Bank and loan interest	3,689	4,329
Bank charges	4,285	4,525
Other interest and penalties	-	-
Advance fee finance costs	13,039	12,428
	<hr/> 85,874	<hr/> 130,030
<b>School operating costs</b>		
Teaching salaries and related costs	3,483,405	3,229,023
Administrative staff salaries and related costs	1,333,565	1,257,328
Office costs and supplies	163,026	129,513
Welfare	348,034	325,121
Property and grounds	813,212	747,336
School expenses	422,733	386,035
Marketing, recruitment and advertising	124,754	171,365
Scholarships and prizes	11,040	9,931
Accountancy fees	1,013	980
Legal and professional fees	126,593	90,598
Bad debts	-	-
Depreciation	553,354	473,098
Loss on disposal of assets	181	1,125
Restricted fund expenditure	27,858	1,195
General expenses	105,623	96,684
Governance costs (see below)	26,399	24,582
	<hr/> 7,540,790	<hr/> 6,943,914

**Net income for the year is stated after charging:**

	2016 £	2015 £
Operating lease - equipment	29,628	28,006
Depreciation	548,913	473,099
Bank interest payable	3,689	4,329
Accountancy fees	1,013	980
<b>Governance costs</b>		
Auditor's remuneration	18,702	17,260
Inspection fees	4,167	4,575
Governors' training and expenses	3,530	2,747

All support time is considered necessary for the running of the school operations, any time spent on Governors matters directly relates to the operation of the school including parental matters. Less than 1% of administration salary and office costs in both 2016 and 2015 would be classed as general support time. Clothing shop and swimming pool salaries relating to trading income have been re-classified from school operating costs to trading expenditure for 2016 and 2015 to match expenditure with related income.



**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**7. SALARIES AND RELATED COSTS**

Included within school operating costs are the following:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Salaries and wages	4,086,391	3,839,542
Employers NI	333,675	296,781
Pension contributions - defined benefits	404,309	345,355
Pension contributions - defined contribution	20,142	15,918
	<u>4,844,517</u>	<u>4,497,596</u>

The full time equivalent (FTE) and average number of staff are:

	<b>2016</b>			<b>2015</b>		
	<b>Full time</b>	<b>Part time</b>	<b>FTE</b>	<b>Full time</b>	<b>Part time</b>	<b>FTE</b>
Academic	53	49	70	48	36	71
Administration and support	28	28	45	27	46	52
In class support	2	11	9	-	19	10
	<u>83</u>	<u>88</u>	<u>124</u>	<u>75</u>	<u>101</u>	<u>133</u>

The number of employees earning over £60,000 was as follows:

	<b>2016</b>	<b>2015</b>
Between £80,001 and £90,000	-	1
Between £130,001 and £140,000	<u>1</u>	<u>1</u>

In addition pension contributions totalling £25,507 (2015: £22,334) were made in respect of the above employees.

The key management personnel of the group and charity are the Trustees and senior management team comprising of the Headmaster, Director of Finance and Operations, Secondmaster, Deputy Head of Academic, Deputy Head of Development and Head of Pre-Prep. The employee benefits of key management personnel for the group was £535,992 (2015: £516,913).

The only payments to the Governors during the year were for travel and subsistence expenses incurred to the value of £1,175 (2015: £1,160). These were reimbursed to 3 Governors (2015: 5). Neither the Governors nor any persons connected to them have received any other remuneration or benefits during the year.

The School has paid for Trustee Indemnity Insurance for the year, the insurance premium is £1,851 (2015: £2,975).

During the year 3 governors had children at the school (2015: 3) and fees were paid on normal terms.

## FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

#### 7. SALARIES AND RELATED COSTS (continued)

Termination payments were due for the year totalling £44,130 relating to redundancy and settlement payments. £14,130 of this value is included in creditors. Please see accounting policy for termination payments in note 1.

#### PENSION AND SIMILAR OBLIGATIONS

##### Teachers' Pension Scheme

The school's academic staff belong to the Teachers' Pension Scheme (TPS). The total pension cost for the period was £343,149 (2015: £288,521). There were contributions outstanding at the year end £46,767 (2015: £41,251).

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed that the employer contribution rate for the TPS will increase from 14.1% to 16.4% although, recognising that teaching establishments work on an academic and not financial year, the Government has deferred the implementation of this increase to 1 September 2016. Employers will in addition from 1 September 2016 pay a scheme administration levy of 0.08% of the employers' salary costs which will increase the total employer payment rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

##### Pensions Trust and Other Pension Schemes

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

From 1 April 2013 to 31 March 2023:	£13.9m per annum (payable monthly and increasing by 3% each on 1st April)
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A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**7. SALARIES AND RELATED COSTS (continued)**

**PENSION AND SIMILAR OBLIGATIONS (continued)**

Deficit contributions

From 1 April 2016 to 30 September 2025: £12,945,440 per annum  
(payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028: £54,560 per annum  
(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities. The additional contributions for the company during the year amounted to £13,336 (2015: £13,451).

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

The net present value of the provision has been calculated by the Pensions Trust for the company as follows:

	2016 (£,000)	2015 (£,000)	2014 (£,000)
Net present value	124	108	116

Under FRS102 this has been included as a provision of liability in the accounts with an adjustment also provided in the comparative year. Please see accounting policies note 1 for reconciliation of group funds including the restatement, the liability and expense are classed as unrestricted.

In the year ended 31 July 2016 the pension cost charge for support staff amounted to £31,510 (2015: £45,845). At the year end there was a creditor (excluding the provision above) of £5,099 (2015: £5,028).

From 1 April 2014 a multi-employer occupational scheme is available to employees, not eligible for the Teachers' Pension Scheme, which is a defined contribution scheme. The assets of the Scheme are held separately from those of the School in independently administered funds. In the year ended 31 July 2016 the pension cost charge amounted to £20,142 (2015: £15,918). At the year end there was a creditor of £3,315 (2015: £2,731).

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**8. FIXED ASSETS**

Group	Land, Freehold Premises and Improvements £	Furniture and Equipment £	Motor vehicles £	Computer Equipment £	Total £
<b>Cost / Deemed cost</b>					
At 1 August 2015	15,746,791	1,132,164	8,362	309,624	17,196,941
Additions	2,469,212	73,842	-	80,352	2,623,406
Disposals	-	-	-	(408)	(408)
At 31 July 2016	18,216,003	1,206,006	8,362	389,568	19,819,939
<b>Depreciation</b>					
At 1 August 2015	2,191,512	985,703	7,323	223,878	3,408,416
Charge for year	422,970	69,553	260	60,572	553,355
Disposals	-	-	-	(227)	(227)
At 31 July 2016	2,614,482	1,055,256	7,583	284,223	3,961,544
<b>Net book value</b>					
At 31 July 2016	15,601,521	150,750	779	105,345	15,858,395
At 1 August 2015	13,555,279	146,461	1,039	85,746	13,788,525

The value of assets under construction included in freehold land and buildings additions amount to £1,241,260. Within the additions of land, freehold premises and improvements are borrowing costs of £10,000 (2015: £nil), they are not currently depreciated as they are part of assets under construction.

The freehold buildings were last re-valued by the Trustee on 31 July 1987. Additions since 31 July 1987 are held at depreciated cost. The charity has adopted the transitional rules under FRS 102 and hold land at deemed cost. Land with a carrying amount of £1,020,000 as at 31 July 2014 was revalued at 1 August 2014 to £6,380,000 by Jones Lang Lasalle IP, independent valuers not connected with the charity on the basis of fair value. The net book value at 31 July 2016 represents fixed assets used for direct charitable purposes. Comparable historic cost for the freehold premises included at deemed cost/valuation:

	Property £	Land £
<b>Cost</b>		
At 1 August 2015 & 31 July 2016	272,142	1,020,000
<b>Depreciation</b>		
At 1 August 2015	50,073	-
Charge for the year	1,311	-
At 31 July 2016	51,384	-
<b>Net book value</b>		
At 31 July 2016	220,758	1,020,000
At 1 August 2015	222,069	1,020,000

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**8. FIXED ASSETS (continued)**

<b>Company</b>	<b>Furniture and Equipment £</b>	<b>Motor vehicles £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 August 2015	1,132,164	8,362	309,624	1,450,150
Additions	73,842	-	80,352	154,194
Disposals	-	-	(408)	(408)
At 31 July 2016	1,206,006	8,362	389,568	1,603,936
<b>Depreciation</b>				
At 1 August 2015	985,703	7,323	223,878	1,216,904
Charge for year	69,553	260	60,572	130,385
Disposals	-	-	(227)	(227)
At 31 July 2016	1,055,256	7,583	284,223	1,347,062
<b>Net book value</b>				
At 31 July 2016	150,750	779	105,345	256,874
At 1 August 2015	146,461	1,039	85,746	233,246

**9. INVESTMENTS**

From 1 August 2014 Farleigh House Educational Trust became the subsidiary of Farleigh House Trustee Limited. Farleigh House Educational Trust holds the property asset of the group in trust to ensure it remains available for the purposes of education as laid out in the group's principal activity. Farleigh House Trustee Limited is the ultimate controlling party.

The Net Assets of the unincorporated charity are £7,824,751 (2015: £8,195,279) made up of the land and building assets.

The statement of financial activities for the year is as follows:

	<b>2016 £</b>	<b>2015 £</b>
Total Incoming Resources	-	-
Total Resources Expended	(408,529)	(240,548)
Net movement in funds for the year	(408,529)	(240,548)
<b>Total funds carried forward</b>	<b>7,824,751</b>	<b>8,195,279</b>

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**10. STOCK**

	<b>Group and Company 2016 £</b>	<b>Group and Company 2015 £</b>
Stock	127,491	123,118

There was no stock written off in the year (2015: nil).

**11. DEBTORS AND PREPAYMENTS**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Fees and disbursements	48,145	2,176,252	48,145	2,176,252
Summer term disbursements	123,640	128,406	123,640	128,406
Other debtors	13,091	8,300	2,434,302	8,300
Prepayments and accrued income	81,825	42,814	81,825	42,814
	<u>266,701</u>	<u>2,355,772</u>	<u>2,687,912</u>	<u>2,355,772</u>

Fees and disbursements in 2015 relates to bills raised in July 2015 which included fees relating to the term starting in September 2015. The deferred income in note 13 includes these fees in 2015. In 2016 fee bills for September 2016 were not raised until August 2016.

There were no bad debts written off in the year (2015: nil).

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group and Company 2016 £</b>	<b>Group and Company 2015 £</b>
Deposits held	260,755	235,755
Bank loans (see note 14)	43,335	43,333
Trade creditors	81,396	150,943
Deferred income	4,105	2,293,345
Fees received in advance	287,724	213,617
Holiday pay accrual	306,808	280,597
Other creditors and accruals	132,809	123,786
Pension creditor	63,904	51,009
Tax and social security	98,213	86,089
	<u>1,279,049</u>	<u>3,478,474</u>

The bank loan is secured by a legal mortgage on the main school property and is repayable over 10 years. Interest is payable at 1% over bank base rate.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**13. DEFERRED INCOME**

	Group and Company 2016 £	Group and Company 2015 £
Opening balance	2,293,345	2,086,648
Released	(2,293,345)	(2,086,648)
Additional	4,105	2,293,345
	<hr/>	<hr/>
Closing balance	4,105	2,293,545
	<hr/>	<hr/>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group and Company 2016 £	Group and Company 2015 £
Bank loan	173,333	216,668
Fees received in advance	630,938	552,655
	<hr/>	<hr/>
	804,271	769,323
	<hr/>	<hr/>

	Group and Company 2016 £	Group and Company 2015 £
<b>Loan maturity</b>		
Within one year	43,335	43,333
Between one and two years	43,333	43,333
Between two and five years	130,000	130,000
Greater than five years	-	43,335
	<hr/>	<hr/>
	216,668	260,001
	<hr/>	<hr/>

The bank loan is secured by a legal mortgage on the main school property and is repayable over 10 years. Interest is payable at 1% over bank base rate.

**15. PENSION PROVISION**

	Group and Company 2016 £	Group and Company 2015 £
Opening balance	108,000	116,000
Released	-	(8,000)
Additional	16,000	-
	<hr/>	<hr/>
Closing balance	124,000	108,000
	<hr/>	<hr/>

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**16. ADVANCE FEE PAYMENTS**

Parents may enter into a contract to pay to the school tuition fees in advance. The money may be returned subject to specific conditions on the receipt of one term's notice. Assuming pupils will remain in the school, advance fees will be applied as follows:

	<b>Group and Company 2016 £</b>	<b>Group and Company 2015 £</b>
After five years	20,766	40,745
Within two to five years	374,762	351,637
Within one to two years	235,410	160,273
	<hr/>	<hr/>
	630,938	552,655
Within one year	254,207	213,617
	<hr/>	<hr/>
	885,145	766,272
	<hr/> <hr/>	<hr/> <hr/>

**17. COMMITMENTS UNDER OPERATING LEASES**

At 31 July 2016 the charity had aggregate annual commitments under non-cancellable operating leases for hire of plant, machinery and equipment as set out below:

	<b>Group and Company 2016 £</b>	<b>Group and Company 2015 £</b>
Operating leases which expire		
Within one year	14,100	6,138
Between one and two years	14,749	39,031
	<hr/> <hr/>	<hr/> <hr/>



**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**18. ACCUMULATED FUNDS**

Group	At 1 August 2015 £	Income £	Expenditure £	At 31 July 2016 £
<b>Unrestricted fund</b>	14,095,978	7,930,289	(7,569,508)	14,456,759
<b>Designated fund</b>				
Chapel Capital Fund	29,298	-	(29,298)	-
<b>Restricted funds</b>				
B Harrison Fund	1,913	-	-	1,913
Callaghan Fund	10,721	-	(300)	10,421
Rugby Fund	2,888	-	(892)	1,996
Landscape Fund	1,538	-	(1,538)	-
Farleigh Society Fund	18,013	-	-	18,013
Music School Fund	-	9,350	-	9,350
Dillon Fund	100,000	50,000	(25,128)	124,872
<b>Total restricted funds</b>	135,073	59,350	(27,858)	166,565
<b>Total funds</b>	14,260,349	7,989,639	(7,626,664)	14,623,324

The unrestricted fund includes a revaluation reserve of £5,919,919.

The Chapel Capital Fund represents monies received from school mass collections. Donations received in normal Sunday services are passed on to the local parish. Donations received at special school services are retained by the school. These have been set aside to support the costs and maintenance of the chapel.

The B Harrison Fund represents monies received from an individual to provide one student with cricket equipment each year as a form of prize for achievement.

The Callaghan Fund represents monies received to provide awards to students at the end of the academic year.

The Rugby Fund represents monies received from an individual to provide opportunities to students to attend rugby trips abroad.

The Landscape Fund represents donations received to plant 60 trees as a living and enduring commemoration of the Jubilee year, which will also benefit future generations.

The Farleigh Society Fund represents funds paid to the former pupil society. It was decided at the beginning of the financial year that the society accounts should be consolidated with Farleigh House Trustee Limited. The society has been supported by the school since it was set up. The fund balance represents the funds held by the society at the date of transfer. The society keeps the school connected to its former pupils and holds regular reunion events, this enables the school to continue to see their former pupils develop.

The Music School Fund is an appeal fund representing donations to go towards new music equipment for the new Music School opening next year.

The Dillon Fund is a special grant receivable over a three year period for special projects run by the School, principally the setting up of a link with the SpringBoard Bursary Foundation with a view to enabling children from disadvantaged backgrounds to access a boarding education at Farleigh.

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**18. ACCUMULATED FUNDS (continued)**

Company	At 1 August 2015 £	Income £	Expenditure £	At 31 July 2016 £
<b>Unrestricted fund</b>	540,699	7,930,289	(7,156,538)	1,314,450
<b>Designated fund</b>				
Chapel Capital Fund	29,298	-	(29,298)	-
<b>Restricted funds</b>				
B Harrison Fund	1,913	-	-	1,913
Callaghan Fund	10,721	-	(300)	10,421
Rugby Fund	2,888	-	(892)	1,996
Landscape Fund	1,538	-	(1,538)	-
Farleigh Society Fund	18,013	-	-	18,013
Music School Fund	-	9,350	-	9,350
Dillon Fund	100,000	50,000	(25,128)	124,872
<b>Total restricted funds</b>	135,073	59,350	(27,858)	166,565
<b>Total funds</b>	705,070	7,989,639	(7,213,694)	1,481,015

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Group	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	15,858,395	-	15,858,395
Current assets	805,684	166,565	972,249
Current liabilities	(1,279,049)	-	(1,279,049)
Long term liabilities	(928,271)	-	(928,271)
<b>Total net assets</b>	14,456,759	166,565	14,623,324
<b>Company</b>	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	256,874	-	256,874
Current assets	3,226,895	166,565	3,393,460
Current liabilities	(1,241,048)	-	(1,241,048)
Long term liabilities	(928,271)	-	(928,271)
<b>Total net assets</b>	1,314,450	166,565	1,481,015

**FARLEIGH HOUSE TRUSTEE LIMITED AND SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**20. CAPITAL COMMITMENTS**

Capital expenditure of £1,329,794 (2015: £1,114,671) had been authorised by the Board and was committed to at the balance sheet date.

**21. ULTIMATE CONTROLLING PARTIES**

The ultimate controlling parties are the 11 Members of the Council (2015: 11) as shown in the Report of the Council of Management.

**22. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year (2015: £nil).

**23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Net movement in funds	367,416	535,842	775,945	535,842
Deposit interest receivable	(4,730)	(10,104)	(4,730)	(10,104)
Bank interest payable	3,689	4,329	3,689	4,329
Finance cost on advanced fees	13,039	12,428	13,039	12,428
Operating surplus	379,414	542,495	787,943	542,495
Depreciation of tangible assets	548,914	473,098	130,385	473,098
Decrease/(Increase) in stocks	(4,373)	3,737	(4,373)	3,737
Decrease/(Increase) in debtors	2,089,071	(141,181)	(332,140)	(141,181)
(Decrease)/Increase in creditors	(2,224,017)	303,094	(2,262,018)	303,094
Advanced fees drawdown	(351,049)	(362,897)	(351,049)	(362,897)
Loss on sale of fixed assets	181	1,125	181	1,125
	<u>438,141</u>	<u>819,471</u>	<u>(2,031,071)</u>	<u>819,471</u>