

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

Company Number: 00905522

Charity Registration Number: 1157842



FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

INDEX TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JULY 2018

Annual Report of the Governors incorporating the Strategic Report	3 – 12
Independent Auditor's Report	13 – 15
Consolidated Statement of Financial Activities	16
Consolidated and Parent Company Balance Sheets	17
Consolidated Cash Flow Statement	18
Notes to the Accounts	19 – 38

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY
ANNUAL REPORT OF THE GOVERNORS ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

The Board of Directors present their annual report for the year ended 31 July 2018 in accordance with the Companies Act 2006 and the Charities Act 2011, together with the audited consolidated financial statements of Farleigh School Trust Limited (the "Company", "Charity" or "School") and its subsidiary (together the "Group").

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).

On 1 August 2017 Farleigh House Trustee Limited changed its name to Farleigh School Trust Limited. Farleigh School Trust Limited 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 Company are also Governors of the School and its Trustees for the purpose of Charity law. The Directors serving during the year and since the year end were as follows:

Tim Syder (Chair)*	(Resigned 31 July 2018)
Keith Abel (Chair)*	(Appointed Chair 1 August 2018)
Anna Dixon-Green (Vice Chair)#	
Kirsty Anderson	(Appointed 1 August 2018)
Bettina Betton*	
Charlotte Cunningham MBE	
Gavin Hamilton	
Simon Henderson*	
Charles Ingram Evans*	
Fr Oswald McBride#	
Sarah Raffray#	
Emma Todd#	
Jane Vyvyan*	

* Members of the Finance Committee

Members of the Academic and Pastoral Committee

The Board of Governors and the sub-committees meet three times a year as a matter of routine and more frequently as circumstances require. New Directors are appointed by the Board of Governors, serve for periods of four years and are eligible for re-election, normally up to a maximum period of 12 years.

Other Key Management

Other key management serving during the year and since the year end were as follows:

Fr Simon Everson, Headmaster

Danny Boswell, Director of Finance & Operations / Company Secretary (Resigned 31 August 2018)

Paul Lane, Director of Finance & Operations / Company Secretary (Appointed 1 September 2018)

Keith Bradbury, Second Master (Retired 31 August 2017)

Michael Matthews, Deputy Head (Pastoral) (Appointed 1 September 2017)

Janet Watts, Deputy Head (Academic)

Jenifer Hillman, Head of Pre-Prep

Sue Hulmes, Deputy Head (Development) (Retired 31 August 2017)

Professional Advisers

Bankers

HSBC Bank Plc

West End Area Commercial Centre

2nd Floor, 16 King Street

London WC2E 8JF

Solicitors

Wisons Solicitors LLP

Alexandra House

St John's Street

Salisbury SP1 2SB

Auditors

haysmacintyre

10 Queen Street Place

London

EC4R 1AG

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITIES

Objects

The objects of the Company are the advancement of Roman Catholic education at Farleigh School; the furtherance of religion 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 achieve pupil attendance of boys and girls at around 450 children, with a strong boarding element and with a particular focus on those of the Roman Catholic faith, but also welcoming non-Catholics.

Objectives of the Year

The Board's principal objective is to provide a financially stable infrastructure and a learning environment that ensures the education of all Farleigh pupils to a high standard, enabling them to enter the senior school of their choice for the furtherance of their education.

Ethos and Aims

Farleigh School's ethos is:

- To share with parents in the spiritual, moral and intellectual development of their children in a Catholic community, which welcomes all faiths.
- To provide a first class education striving for excellence in all academic, cultural and sporting pursuits, giving every child the confidence to discover where their gifts lie and to enjoy their talents.
- To educate children in the teaching and sacramental life of the Church and to encourage them towards a life of faith.
- To create a well-ordered and caring school community, where the self-respect and dignity of each person will flourish.

- To help Farleigh pupils to grow up honourably, inspired by high ideals, so that they may serve others generously, and be strong in friendship and family.

Farleigh School's aims are:

- To ensure the development of the School's children, spiritually, morally, socially, intellectually and culturally.
- To provide a broad and high quality education for children of mixed ability which will lay strong foundations for a fulfilling and rewarding life.
- To prepare and educate each child for their senior school.
- To make Farleigh a special place for children 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 academic, spiritual and moral development of children aged 3 to 13 through the operation of a co-educational Pre-Preparatory and Preparatory School.

PUBLIC BENEFIT

The Board has reviewed the Charity Commission's advice on public benefit and is satisfied that current activities comply with this advice. 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.

Access to the School

The Board continues to open up opportunities to children who would not for financial reasons normally be able to attend Farleigh School. In 2013-14 Farleigh became one of the first prep schools in the UK to commence a programme of transformational, 110% bursaries, fully-funded by donations. Since then, the School has partnered with the Royal SpringBoard Bursary Foundation and the Reedham Children's Trust to identify and support full bursary recipients through the St Theresa Fund. The School's Development Office continues to build supportive partnerships with referring charities and senior schools and in 2017-18 raised a further £95,223 to support the Fund.

Community Outreach

Pupils have an opportunity to think beyond their own immediate boundaries and engage with the wider community through first-hand experience and also with wider charity projects. These include weekly interaction with Icknield Special School in Andover, whose pupils come and use the School's space and facilities and a weekly visit by Year 8 children to the Andover Foodbank. Year 7 children also engage with a local care home for the elderly by showcasing their own ePortfolios and taking time to be with the people there. Four times a year, a local charity, 'Kids on track', uses Farleigh's facilities, along with many old boys and girls, to provide opportunities for games and activities within the grounds.

The Chapel

As part of the Parish of St John the Baptist, Andover, Fr Simon, as Chaplain and Headmaster, celebrates Sunday Mass in the Chapel throughout the year. It is well attended by boarding pupils, current and former Farleigh families and other local parishioners.

Fr Simon provides pastoral support to members of the Parish as and when required, and £10,335 was donated to Parish funds from the Chapel collections. Chapel and school buildings are made available for Parish events and Confirmation Retreats, and the Chapel is a collection point for donations to the Andover Foodbank.

Sporting & Other Facilities

The School's grounds, sports facilities and Music School are used for community activities during the school holidays, including the following:

- Hampshire County Cricket Club matches for boys and girl teams U9-U13s during the summer months.
- Andover Hockey Club's weekly team training sessions, held on the All Weather Pitch (AWP).
- The Andover Triathlon, held at Farleigh in July, during which all the grounds, Pool and Theatre are used.
- Champion Camps summer holiday activity camp, used the DT Dept., Theatre, Sports Hall and grounds.
- Drama and Dancing/Singing summer camps have used the Theatre
- 'Kids On Track' visit several times a year during the holidays using the Theatre, Sports Hall, Recital Hall, Food Tech, the AWP and the grounds/woods.
- The new Music School continues to host Trinity College music exams for local pupils.
- Eleven local primary schools used the School's swimming pool during the year and the School provided some with transport. A senior school with special needs children used the pool for several practice sessions for swimming galas. Some local teaching swimming schools/clubs also hired the pool on a regular basis; it has also been used for adult fitness classes. The local Pony Club hired the pool for Tetrathlon competition training and a local Scout Group used the pool for its Annual gala. Local residents and Farleigh families also use the pool.

Charity Fundraising

Funds for charity are raised collectively, as a whole School community, and also by small groups of pupils or individuals. Charities supported during the year included: Franciscan friars (£1,000); HCPT The Pilgrimage Trust (£2,314); Service charities (£488); Let the Children Live, a Colombian charity (£6,200); and Mary's Meals (£3,000).

STRATEGIC REPORT

Financial Review

Total income for the year amounted to £8,556,505 (2017: £8,358,943), including £297,982 (2017: £348,376) of trading income. Total expenditure amounted to £8,330,335 (2017: £7,824,405). The surplus funds generated during the year and available for reinvestment in the facilities of the School were therefore £226,170 (2017: £534,538).

Reserves

The unrestricted funds of the School increased by £169,270 and stood at £15,173,715 at the year end. The net book value of tangible fixed assets was £17,100,530 therefore the unrestricted reserves were wholly deployed in the School's premises and equipment, with the need for day-to-day working capital being met by careful management of short-term liquid resources and an overdraft facility. The School's policy for free reserves, which are the unrestricted reserves less fixed assets, is to invest any surpluses generated from the running of the School in developing the buildings, equipment, staff and resources.

Assistance with Fees

Alongside full bursaries provided by the St Theresa Fund, the School offers means tested discounts to those who would otherwise be unable to afford full fees. This year bursaries were awarded to 22 pupils, with total means tested discounts amounting to £201k (2017: £198k). The total fee assistance amounted to £409k (2017: £411k).

Investment Performance

Any uncommitted funds are placed on deposit. Interest received amounted to £909 (2017: £2,590).

Revaluation

As part of the transition to FRS102 the Board commissioned a revaluation which was carried out by independent valuers of the land and property of the School. As at 31 July 2015 (date of transition to FRS 102) the freehold property and land had a fair value of £24m. For prudence, the Board has decided to show the revalued figure for the land but not the property in the balance sheet. This is reflected in a revaluation reserve within unrestricted funds.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Pupil numbers and fees

Pupil numbers continue to be strong, averaging 462 over the year. Boarding is an important part of the School's life with over 20% of prep school pupils full or weekly boarding and many more flexi-boarding. There were 185 pupils of the Roman Catholic faith in the School (2017: 188), representing around 40% of the total; evidence of the continuing demand for the Catholic education delivered by the School.

Operational Performance and Compliance

At the last full inspection by the Independent Schools Inspectorate (ISI) in November 2013, the School was judged to be excellent in all areas assessed. A Regulatory Compliance Inspection was conducted by the ISI in November 2017 and the School was found to meet all of the required standards.

Teaching and Learning

Prep

The School had an extremely successful year for scholarship results with a total of 29 awards including the top academic award to Stonyhurst College and an academic scholarship to St Mary's Ascot. The other awards included scholarships for Sport, Music, Art and Drama. All Year 8 leavers obtained places at their first choice of senior school, destinations included the leading public schools in the south of England.

Throughout the School, English achievement is high and changes to spelling and writing schemes have helped to improve the pupils' English skills. Pupils have also had success in debating competitions winning the regional prep schools' Debating and The Yateley Manor Public Speaking Competition.

In Maths all Common Entrance pupils achieved A to C grades. A key component of the Department's success has been dividing senior year groups into 5 rather than 4 sets.

The Science department has been working on achieving the Primary Science Quality Mark which is a recognised Continual Professional Development experience in terms of evaluating, implementing and evidencing the impact of changes made. Science trips and science events at Farleigh such as the inflatable space observatory and an Operating Theatre Live further enhanced the Science provision. Pupils took part in Salter's Festival of Chemistry at Reading University and welcomed a visit from the Head of Biology at Radley who gave a talk on Reptiles.

Other subject areas of the curriculum have been equally successful and active and the School looks forward to the academic year ahead with many exciting opportunities on offer which will sustain the ongoing achievement of excellence.

Pre-Prep

The introduction of Singapore Maths was exciting: the practical focus and use of collaborative work has been very popular and staff feel confident to deliver the maths in a differentiated and meaningful way. A new computing curriculum was also trialled during the year. A new assessment system has meant that children in need of extra support have been identified earlier and the value added has been more apparent. Pastoral care for children has also been improved during the year. In addition wrap-around care has proved to be very popular and led to an increase in the number of Kindergarten children attending the School.

Sport

Sport is an integral daily part of Farleigh life and the School has invested significantly over the last few years to make sure that the very best provision is available. The School's aim is to engage, develop and include all pupils, encouraging them to be competitive and to do their best at all times. PE lessons from Reception year upwards are taught by well qualified specialists and focus heavily on the children's physical skills, while the games programme gives all of the School's pupils the opportunity to compete with children from other schools. Matches take place every Wednesday and Saturday and many teams are entered for festivals, tournaments and national events.

Farleigh has excellent sports facilities. Football, rugby and cricket are major team games as well as hockey, netball and rounders. Pupils also take part in athletics, tennis, swimming and cross-country running. Pupils also have the opportunity to try a number of different sports in the activities programme which includes: badminton, archery, golf, gymnastics, lacrosse, softball and table tennis.

Creative and Performing Arts

The profile and reputation of music at Farleigh is extremely high and the new Music School has been used extensively. The excellence of music at Farleigh was recognised in a parental survey conducted by an independent educational consultant and in an accolade by The Week Independent Schools Guide.

Twenty one members of staff teach over 400 lessons each week and 3 pupils gained music scholarships to their senior schools (Marlborough, Sherborne Girls and Heathfield) while several others offered music as part of their success in all-rounder awards. 202 pupils took music exams from Grades 1-6, many gaining merits or distinctions. Over the course of the year, there were 65 concerts, involving soloists and performances from 25 ensembles, including 2 tours: for the Chapel Choir (Stanbrook Abbey, Ripon Cathedral and Ampleforth) and for the Thundering Herd (Stonyhurst and the Ribble Valley Jazz Festival).

The Recital Hall was used for various community events: Kids on Track camps, a choir workshop for local primary school students, and a come-and-sing event for adults. Two professional artists: the David Newton Trio and harpist, Claire Jones also played at Farleigh during the year.

In Art, 4 pupils gained Scholarships (to Radley, Stonyhurst, Ampleforth and Godolphin). During the Arts week every child in the Prep school collaborated in creating a mural of Farleigh inspired by Monet's colour sets. Every child in the Prep school also took part in the House Art competition in which each year group represented Farleigh in different media.

Drama and Public Speaking

Drama and public speaking formed a major part of Arts Week with every child in Years 3 to 7 involved: three drama showcases (Years 3 to 5), a Poetry Slam, House Public Speaking, a LAMDA Showcase, a Civil Rights Evening featuring scenes from *To Kill a Mockingbird* and *Peter Pan* performed by Year 6. In December, Year 8 performed *High School Musical*. Several children were awarded drama scholarships or offered drama as part of an all-round award. Debating remains a popular activity and the School once again enjoyed success in several competitions.

Chapel

Twenty five children received their First Holy Communion. The Chapel continues to be full for Sunday Mass.

Development & the Farleigh Society

The School's Development Office works to engage, interest, and solicit support from across the broad school community. The focus during the year has been on GDPR-readiness and the public launch of the St Theresa Fund, which is a full bursaries programme. A key achievement during the year was the setting up and curation of a new archive room. Various events took place during the year, including donor and volunteer stewardship, assemblies, performances, and Farleigh Tree events, as well as alumni-specific engagement at events and online organised by the Farleigh Society.

Regulation of Fundraising

The Development function is overseen and monitored by the Board of Governors. No complaints were received regarding the function, nor were there any requests for suppressions from the Fundraising Preference Service, and no vulnerable persons were solicited for funds. The Development Director is an Institute of Fundraising postgraduate diploma-qualified professional fundraiser employed by the School and undertakes regular CPD and best-practice training; no outside organisations were used for the purposes of soliciting funds during the period. All donations solicited are requested and administered in accordance with the UK Fundraising Code of Conduct and in accordance with the School's GDPR-compliant Development privacy policy, which outlines the measures taken to fundraise transparently, fairly and in accordance with lawful practices. An updated Development Privacy Policy, Gift Acceptance and Ethics Policy and Donor Charter can be found on the Development webpages of the School's website.

PLANS FOR FUTURE PERIODS

Plans to ensure the long term success of the School are centred on four key areas: development of the core ethos; enhancing the curriculum; strengthening boarding; and ensuring the School has the right facilities and infrastructure. After several years of significant investment in the School's infrastructure which have included an all-weather pitch (2015), a new Music School (2016), improved boarding facilities (2017), improved IT facilities and Pre-Prep playground (2017), and enhanced sports changing rooms and catering facilities (2018), the School does not currently have any large capital requirements. Future plans under consideration include expanding the dining room, further improving the boarding and sick bay and in the longer term the development of an existing building to provide enhanced recreational facilities for pupils. The School will continue to invest significantly in IT assets and functionality.

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. Governors have third party indemnity insurance.

Principal Risks and Uncertainties

A formal review of the Charity's Risk Management process is undertaken on an annual basis with final approval being given by the Board at its autumn term meeting. The key controls used are:

- Formal agendas for all Board and committee meetings
- Terms of reference for all committees
- Comprehensive planning, budgeting and management accounting
- Established organisational structures and lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Use of vetting procedures as required by law for the protection of children

The principal risks currently facing the School, and the strategies for mitigating those risks, are managed using the key controls above and can be summarised as follows:

- Significant fall in pupil numbers. This risk is being mitigated by examining and reducing costs where appropriate, keeping fee increases as low as possible while ensuring that the School continues to offer a very high standard of education.
- Loss of key staff. As an organisation there is a strong belief in developing the School's staff professionally for both their current and future roles. In doing so it is acknowledged that when the time is right they may advance their career by moving to another school or organisation. The effect of this is mitigated by ensuring that existing staff take on additional responsibility where appropriate, and by ensuring that timely, robust and thorough recruitment processes are followed when bringing in new staff.
- Failure of IT systems and infrastructure to meet demand. Governors are mindful of the importance of having robust IT systems to meet both the educational needs of the School's pupils and business requirements. Significant investment is being made to ensure that the School's data continues to be managed securely and efficiently, and that Farleigh's pupils benefit from new technologies.

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. The Board comprises up to 12 members, of which at least a two thirds majority are Roman Catholics. Governors serve for periods of four years and after re-election can normally serve up to a maximum term of 12 years (although this may be extended in certain circumstances agreed by the Board to ensure consistency and continuity).

Governor 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 (AGBIS), is arranged. Ongoing training is made available for all Governors and funded by the School.

Key Management

The Governors consider that they, together with the Head, the Director of Finance & Operations and the senior managers, comprise the key management (see note 6 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, including:

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

Governance

The Board of Governors determines the general policies of the School and is legally responsible for its overall management and control. The Board complies with the Code of Governance for Charities and Institutions of a Public Character (IPCs) (April 2017).

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.

The school is a member of the Independent Association of Preparatory Schools (IAPS), the Boarding Schools' Association (BSA), the Association of Governing Bodies in Independent Schools (AGBIS), the Independent Schools' Bursar Association (ISBA) and the Catholic Independent Schools' Conference (CISC).

Having routinely considered budgets, reserves, cash flow projections, risk and business plans, and having ensured that the School has effective internal financial controls, the Governors are satisfied that the Accounts have been prepared on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The Directors (who are also Trustees of the Company for the purposes of Charity law) are responsible for preparing the Directors' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Company will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable Company and the Group 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 haysmacintyre be appointed as Auditors of the Charity will be put to a General Meeting. haysmacintyre are deemed to be appointed 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 15 November 2018 and signed on its behalf by:



Mr K Abel
Chair of Governors

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

Opinion

We have audited the consolidated financial statements of Farleigh School Trust for the year ended 31 July 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Cash Flow Statement 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 group's and of the parent charitable company's affairs as at 31 July 2018 and of the group's and parent charitable company's net movement in funds, including the 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.

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 group 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement 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, 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 group's and the parent charitable company'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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

FARLEIGH SCHOOL TRUST LIMITED AND SUBIDIARY

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF

FARLEIGH SCHOOL TRUST LIMITED (*continued*)

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 group's or the parent charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

FARLEIGH SCHOOL TRUST LIMITED AND SUBIDIARY

INDEPENDENT AUDITORS' REPORT TO THE GOVERNORS OF

FARLEIGH SCHOOL TRUST LIMITED (*continued*)

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' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

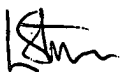
In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

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.



Lee Stokes (Senior Statutory Auditor)

For and on behalf of haysmacintyre, Statutory Auditors

Date 15 November 2018

10 Queen Street Place

London

EC4R 1AG

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING CONSOLIDATED INCOME & EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 JULY 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
INCOME					
Donations and legacies	3	20,663	105,223	125,886	151,989
<i>Income from charitable activities</i>					
School operating income		8,131,728	-	8,131,728	7,855,988
<i>Income from other trading activities</i>					
Trading income	4	297,982	-	297,982	348,376
Investment income		909	-	909	2,590
TOTAL INCOME		8,451,282	105,223	8,556,505	8,358,943
EXPENDITURE					
<i>Costs of raising funds</i>					
Trading expenditure	5	78,929	-	78,929	84,986
<i>Expenditure on charitable activities</i>					
School operating costs	5	8,203,083	48,323	8,251,406	7,739,419
TOTAL EXPENDITURE		8,282,012	48,323	8,330,335	7,824,405
NET INCOME AND NET MOVEMENT IN FUNDS FOR THE YEAR					
		169,270	56,900	226,170	534,538
<i>Reconciliation of funds</i>					
Total funds brought forward	16	15,004,445	153,417	15,157,862	14,623,324
Total funds carried forward	16	15,173,715	210,317	15,384,032	15,157,862

Comparatives by fund are shown in note 21. 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 38 form part of these financial statements.

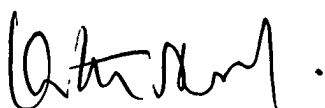
FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY
Company number 00905522

CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2018

		Group		Company	
	Note	2018	2017	2018	2017
		£	£	£	£
Fixed assets					
Tangible assets	7	17,100,530	17,328,125	351,526	390,253
Investments	8	-	-	-	-
		<u>17,100,530</u>	<u>17,328,125</u>	<u>351,526</u>	<u>390,253</u>
Current assets					
Stock	9	121,978	118,668	121,978	118,668
Debtors	10	278,527	411,796	4,922,484	4,644,300
Cash at bank and in hand		51,925	21,985	51,925	21,985
		<u>452,430</u>	<u>552,449</u>	<u>5,096,387</u>	<u>4,784,953</u>
Liabilities					
Creditors falling due within one year	11	(1,675,779)	(2,084,184)	(1,675,779)	(2,084,184)
Net current (liabilities)/assets		<u>(1,223,349)</u>	<u>(1,531,735)</u>	<u>3,420,608</u>	<u>2,700,769</u>
Total assets less current liabilities		<u>15,877,181</u>	<u>15,796,390</u>	<u>3,772,134</u>	<u>3,091,022</u>
Creditors: falling due after more than one year	12	(393,149)	(525,528)	(393,149)	(525,528)
Provisions for liabilities	13	(100,000)	(113,000)	(100,000)	(113,000)
		<u>15,384,032</u>	<u>15,157,862</u>	<u>3,278,985</u>	<u>2,452,494</u>
Net assets		<u>15,384,032</u>	<u>15,157,862</u>	<u>3,278,985</u>	<u>2,452,494</u>
Funds					
Unrestricted funds	16	15,173,715	15,004,445	3,068,668	2,299,077
Restricted funds	16	210,317	153,417	210,317	153,417
Total funds	16	<u>15,384,032</u>	<u>15,157,862</u>	<u>3,278,985</u>	<u>2,452,494</u>

The net movement in funds for the Company during the year was £826,491 (2017: £971,479).

The Financial Statements were approved by the board on 15 November 2018 and signed on its behalf by:



Mr K Abel
Chairman

The notes on pages 19 to 38 form part of these financial statements.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2018

		Group	
	Note	2018 £	2017 £
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	20	573,962	856,755
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		909	2,590
Bank interest paid		(6,861)	(4,085)
Purchase of tangible fixed assets		(564,330)	(2,095,964)
CASH USED IN INVESTING ACTIVITIES		(570,282)	(2,097,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowing		(43,334)	(43,334)
Fees received in advance		222,156	180,169
CASH PROVIDED BY FINANCING ACTIVITIES		178,822	136,835
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR		182,502	(1,103,869)
Cash and cash equivalents at the beginning of the year		(525,812)	578,057
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		(343,310)	(525,812)
CASH AND CASH EQUIVALENTS:			
Cash at bank and in hand		51,925	21,985
Bank overdraft		(395,235)	(547,797)
		(343,310)	(525,812)

The notes on pages 19 to 38 form part of these financial statements.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

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 School Trust 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.

Group financial statements

The financial statements consolidate the results of Farleigh School Trust Limited and the unincorporated trust Farleigh School 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, based on future budgets and cash flow forecasts.

Income

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.

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.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

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 separate multi-employer schemes for support staff, The Pensions Trust's Growth Plan was the original scheme and still has active members. 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. The School pays into personal pension schemes for some support staff and from April 2014 a new multi-employer scheme was made available under auto-enrolment rules. It is not possible to identify the assets and liabilities attributable to the School in 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 6.

Tangible Fixed Assets and Depreciation

Tangible fixed assets, with the exception of freehold land, are stated at cost, being purchase price, or deemed cost for buildings held at valuation at the date of transition to FRS 102 less accumulated depreciation and any

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

impairment losses. Freehold land is stated as revalued as at 31 July 2015. 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:

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 printers 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.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

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 6 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 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 16.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1. ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (continued)

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. INCOME FROM DONATIONS AND LEGACIES

	2018	2017
	£	£
Gifts	<u>125,886</u>	<u>151,989</u>

The income from donations and legacies is made up of unrestricted £20,663 (2017: £11,650) and restricted £105,223 (2017: £140,339). The restricted income is made up of £95,223 in respect of the St Theresa Fund and £10,000 for the Dodd Fund, see note 16.

4. TRADING AND ANCILLARY INCOME

	2018	2017
	£	£
Holiday activities	28,709	11,613
Insurance	1,425	1,960
Clothing shop	51,520	75,103
Swimming pool	84,846	74,879
Disbursements and miscellaneous	131,482	184,821
	<u>297,982</u>	<u>348,376</u>

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

5. EXPENDITURE

	2018	2017
	£	£
Trading expenditure		
Cost of goods sold	44,687	49,186
Clothing shop and swimming pool salaries	14,706	15,898
Bank and loan interest	6,861	4,085
Bank charges	4,609	5,600
Advance fee finance costs	8,066	10,217
	<hr/>	<hr/>
	78,929	84,986
School operating costs		
Teaching salaries and related costs	3,662,744	3,485,016
Administrative staff salaries and related costs	1,630,029	1,476,274
Office costs and supplies	192,046	181,142
Welfare	453,013	363,492
Property and grounds	656,587	748,558
School expenses	505,025	433,398
Marketing, recruitment and advertising	71,600	88,170
Scholarships and prizes	9,274	15,447
Accountancy fees	2,200	1,500
Legal and professional fees	92,244	99,152
Provision for doubtful debts	-	12,000
Depreciation	791,341	625,692
Loss on disposal of assets	(215)	542
St Theresa Bursary Fund	48,023	53,514
Callaghan Fund	300	300
Music Fund	-	9,350
General expenses	118,676	123,915
Governance costs (see below)	18,519	21,957
	<hr/>	<hr/>
	8,251,406	7,739,419

Governance costs (included in school operating costs above)

	2018	2017
	£	£
Auditor's remuneration	16,200	19,846
Governors' training and expenses	2,319	2,111
	<hr/>	<hr/>
	18,519	21,957

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

6. SALARIES AND RELATED COSTS

Included within school operating costs are the following:

WAGES AND SALARIES

	2018	2017
	£	£
Salaries and wages	4,411,134	4,200,115
Employers' NI	401,964	371,176
Pension contributions - defined benefits	468,252	385,765
Pension contributions - defined contribution	22,457	20,132
	<u>5,303,807</u>	<u>4,977,188</u>

The average number of staff are:

	2018		2017	
	Full time	Part time	Full time	Part time
Academic	55	64	56	64
Administration and support	25	40	24	40
In class support	1	10	1	10
	<u>81</u>	<u>114</u>	<u>81</u>	<u>114</u>

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

	2018	2017
Between £70,001 and £80,000	1	1
Between £130,001 and £140,000	<u>1</u>	<u>1</u>

In addition pension contributions totalling £34,817 (2017: £33,955) were made in respect of the above employees earning over £60,000.

The key management of the Group and Charity are the Governors and senior management team comprising of the Headmaster, Director of Finance and Operations, Deputy Head (Pastoral), Deputy Head (Academic), Deputy Head of Development (retired 31st August 2017) and Head of Pre-Prep. The remuneration including benefits of key management personnel for the group was £505,815 (2017: £549,115).

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

6. SALARIES AND RELATED COSTS (continued)

There were no payments to the Governors during the year, last year there were payments for travel and subsistence expenses incurred to the value of £1,175. These were reimbursed to 3 Governors. 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 £1,868 (2017: £1,864).

During the year 3 governors had children at the school (2017: 3) and fees were paid on normal terms. In the year termination payments made to staff totalled £30,500 (2017: £nil)

PENSION AND SIMILAR OBLIGATIONS

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £407,453 (2017: £359,157) and at the year-end £nil (2017 - £50,212) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also currently required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the confirmed outcome of the next actuarial valuation which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS in September 2018 to allow the Department for Education to finalise this pension scheme actuarial valuation. Indications are that the amount employers pay towards the scheme will increase from September 2019 because of proposed changes to the discount rate used in the valuation.

There are also early indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

6. SALARIES AND RELATED COSTS (continued)

PENSION AND SIMILAR OBLIGATIONS (continued)

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 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:

Deficit contributions (all participating employers)

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each year on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each year 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.

For Farleigh School Trust Limited only the term to 30 September 2025 applies.

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:

	2018 (£,000)	2017 (£,000)	2016 (£,000)
Net present value	100	113	124

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

6. SALARIES AND RELATED COSTS (continued)

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, the liability and expense are classed as unrestricted.

In the year ended 31 July 2018 the pension cost charge for support staff amounted to £25,550 (2017: £26,608) and deficit contributions of £13,089 (2017: £12,700). At the year end there was no creditor - excluding the provision above (2017: £4,272).

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 2018 the pension cost charge amounted to £22,457 (2017: £20,132). At the year end there was a creditor of £5,648 (2017: £3,389).

7. FIXED ASSETS

Group	Land, Freehold Premises and Improvements £	Furniture and Equipment £	Motor vehicles £	Computer Equipment £	Total £
Cost / Deemed cost					
At 1 August 2017	20,027,295	1,423,060	8,362	455,599	21,914,316
Additions	411,450	47,120	11,994	93,766	564,330
Disposals	-	-	(8,362)	-	(8,362)
At 31 July 2018	20,438,745	1,470,180	11,994	549,365	22,470,284
Depreciation					
At 1 August 2017	3,089,423	1,136,086	7,778	352,904	4,586,191
Charge for year	600,318	100,408	1,749	88,866	791,341
Disposals	-	-	(7,778)	-	(7,778)
At 31 July 2018	3,689,741	1,236,494	1,749	441,770	5,369,754
Net book value					
At 31 July 2018	16,749,004	233,686	10,245	107,595	17,100,530
At 1 August 2017	16,937,872	286,974	584	102,695	17,328,125

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

7. FIXED ASSETS (continued)

Fixed assets of the Company:

	Furniture and Equipment £	Motor vehicles £	Computer Equipment £	Total £
Cost				
At 1 August 2017	1,423,060	8,362	455,599	1,887,021
Additions	47,120	11,994	93,766	152,880
Disposals	-	(8,362)	-	(8,362)
At 31 July 2018	<u>1,470,180</u>	<u>11,994</u>	<u>549,365</u>	<u>2,031,539</u>
Depreciation				
At 1 August 2017	1,136,086	7,778	352,904	1,496,768
Charge for year	100,408	1,749	88,866	191,023
Disposals	-	(7,778)	-	(7,778)
At 31 July 2018	<u>1,236,494</u>	<u>1,749</u>	<u>441,770</u>	<u>1,680,013</u>
Net book value				
At 31 July 2018	<u>233,686</u>	<u>10,245</u>	<u>107,595</u>	<u>351,526</u>
At 1 August 2017	<u>286,974</u>	<u>584</u>	<u>102,695</u>	<u>390,253</u>

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

8. INVESTMENTS

On 1 August 2017 Farleigh House Educational Trust changed its name to Farleigh School Educational Trust (the unincorporated charity). Farleigh School Educational Trust is the wholly owned subsidiary of Farleigh School Trust Limited and holds the property assets of the group in trust to ensure they remain available for the purposes of education as laid out in the group's principal activity. Farleigh School Trust Limited is the ultimate controlling party.

The Net Assets of the unincorporated charity are £12,105,047 (2017: £12,705,369) made up of the land and building assets.

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

	2018	2017
	£	£
Total Income	-	-
Total Expenditure	(600,322)	(436,940)
Net movement in funds for the year	<u>(600,322)</u>	<u>(436,940)</u>
Total funds carried forward	<u>12,105,047</u>	<u>12,705,369</u>

9. STOCK

	Group and Company 2018 £	Group and Company 2017 £
Stock	<u>121,978</u>	<u>118,668</u>

10. DEBTORS

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Fees and disbursements	35,502	99,890	35,502	99,890
Summer term disbursements	131,345	133,639	131,345	133,639
Other debtors	31,034	58,963	4,674,991	4,291,467
Prepayments and accrued income	80,646	119,304	80,646	119,304
	<u>278,527</u>	<u>411,796</u>	<u>4,922,484</u>	<u>4,644,300</u>

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Fee deposits held	257,798	253,295	257,798	253,295
Bank overdraft	395,235	547,797	395,235	547,797
Bank loans (see note 12)	43,334	43,334	43,334	43,334
Trade creditors	176,838	85,479	176,838	85,479
Fees received in advance (see note 14)	334,210	374,645	334,210	374,645
Holiday pay accrual	296,954	316,744	296,954	316,744
Other creditors and accruals	47,821	309,232	47,821	309,232
Pension creditor	23,312	62,545	23,312	62,545
Tax and social security	100,277	91,113	100,277	91,113
	<u>1,675,779</u>	<u>2,084,184</u>	<u>1,675,779</u>	<u>2,084,184</u>

The Company has a £1m overdraft facility in place with HSBC Bank plc of which £395,325 was drawn at the year end. Interest is payable at 1.75% over bank base rate.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and Company 2018 £	Group and Company 2017 £
Bank loan	86,666	130,000
Fees received in advance	306,483	395,528
	<u>393,149</u>	<u>525,528</u>
	<u>Group and Company 2018 £</u>	<u>Group and Company 2017 £</u>
Loan maturity		
Within one year	43,334	43,334
Between one and two years	43,333	43,333
Between two and five years	43,333	86,667
Greater than five years	-	-
	<u>130,000</u>	<u>173,334</u>

The bank loan is secured by a legal mortgage on the main school property and is repayable over 15 years. Interest is payable at 1% over bank base rate.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

13. PENSION PROVISION

	Group and Company 2018 £	Group and Company 2017 £
Opening balance	113,000	124,000
Movement in provision (note 6)	(13,000)	(11,000)
	<hr/>	<hr/>
Closing balance	100,000	113,000
	<hr/>	<hr/>

14. 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:

	2018 £	2017 £
Within two to five years	140,466	276,940
Within one to two years	166,017	118,588
	<hr/>	<hr/>
	306,483	395,528
Within one year	334,210	374,645
	<hr/>	<hr/>
	640,693	770,173
	<hr/>	<hr/>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2018 the charity had aggregate annual commitments under non-cancellable operating leases for hire of plant, machinery and equipment as set out below:

	Group and Company 2018 £	Group and Company 2017 £
Amounts due:		
Within one year	65,820	14,067
Between one and two years	76,754	25,679
	<hr/>	<hr/>
	142,574	39,746
	<hr/>	<hr/>

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

16. ACCUMULATED FUNDS

Group	At 1 August 2017 £	Income £	Expenditure £	Transfer between funds £	At 31 July 2018 £
Unrestricted fund	15,004,445	8,451,282	(8,282,012)	-	15,173,715
Restricted funds					
B Harrison Fund	1,913	-	-	-	1,913
Callaghan Fund	10,121	-	(300)	-	9,821
Rugby Fund	1,996	-	-	-	1,996
Landscape Fund	16	-	-	-	16
Farleigh Society Fund	18,013	-	-	-	18,013
Dodd Fund	-	10,000	-	-	10,000
St Theresa Fund	121,358	95,223	(48,023)	-	168,558
Total restricted funds	153,417	105,223	(48,323)	-	210,317
Total funds	15,157,862	8,556,505	(8,330,335)	-	15,384,032

Unrestricted fund includes a revaluation reserve of £5,919,919.

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 Farleigh Society for former pupils. 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 Dodd Fund supports SEN provision within the School and the purchase of equipment for children with disabilities.

The St Theresa Fund (formerly known as The Dillon Fund) represents donations to enable children from disadvantaged backgrounds to access a boarding education at Farleigh. In 2017 the fund became the St Theresa Fund with donations made to continue the scheme set up under the Dillon Fund.

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

16. ACCUMULATED FUNDS (continued)

Company	At 1 August 2017 £	Income £	Expenditure £	Transfer between funds £	At 31 July 2018 £
Unrestricted fund	2,299,077	8,451,282	(7,681,691)		3,068,668
Restricted funds					
B Harrison Fund	1,913	-	-	-	1,913
Callaghan Fund	10,121	-	(300)	-	9,821
Rugby Fund	1,996	-	-	-	1,996
Landscape Fund	16	-	-	-	16
Farleigh Society Fund	18,013	-	-	-	18,013
Legacy Fund	-	10,000	-	-	10,000
St Theresa Fund	121,358	95,223	(48,023)	-	168,558
Total restricted funds	153,417	105,223	(48,323)	-	210,317
Total funds	2,452,494	8,556,505	(7,730,014)	-	3,278,985

Comparative Figures

Group	At 1 August 2016 £	Income £	Expenditure £	Transfer between funds £	At 31 July 2017 £
Unrestricted fund	14,456,759	8,218,604	(7,761,241)	90,323	15,004,445
Restricted funds					
B Harrison Fund	1,913	-	-	-	1,913
Callaghan Fund	10,421	-	(300)	-	10,121
Rugby Fund	1,996	-	-	-	1,996
Landscape Fund	-	16	-	-	16
Farleigh Society Fund	18,013	-	-	-	18,013
Music School Fund	9,350	90,323	(9,350)	(90,323)	-
St Theresa Fund	124,872	50,000	(53,514)	-	121,358
Total restricted funds	166,565	140,339	(63,164)	(90,323)	153,417
Total funds	14,623,324	8,358,943	(7,824,405)	-	15,157,862

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

16. ACCUMULATED FUNDS (continued)

Company	At 1 August 2016 £	Income £	Expenditure £	Transfer between funds £	At 31 July 2017 £
Unrestricted fund	1,314,450	8,218,604	(7,324,300)	90,323	2,299,077
Restricted funds					
B Harrison Fund	1,913	-	-	-	1,913
Callaghan Fund	10,421	-	(300)	-	10,121
Rugby Fund	1,996	-	-	-	1,996
Landscape Fund	-	16	-	-	16
Farleigh Society Fund	18,013	-	-	-	18,013
Music School Fund	9,350	90,323	(9,350)	(90,323)	-
St Theresa Fund	124,872	50,000	(53,514)	-	121,358
Total restricted funds	166,565	140,339	(63,164)	(90,323)	153,417
Total funds	1,481,015	8,358,943	(7,387,464)	-	2,452,494

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted Funds £	Restricted Funds £	2018 Total £
Tangible fixed assets	17,100,530	-	17,100,530
Current assets	242,113	210,317	452,430
Current liabilities	(1,675,779)	-	(1,675,779)
Long term liabilities	(493,149)	-	(493,149)
Total net assets	15,173,715	210,317	15,384,032
Company	Unrestricted Funds £	Restricted Funds £	2018 Total £
Tangible fixed assets	351,526	-	351,526
Current assets	4,886,070	210,317	5,096,387
Current liabilities	(1,675,779)	-	(1,675,779)
Long term liabilities	(493,149)	-	(493,149)
Total net assets	3,068,668	210,317	3,278,985

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (Continued)

2017

Group	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	17,328,125	-	17,328,125
Current assets	399,032	153,417	552,449
Current liabilities	(2,084,184)	-	(2,084,184)
Long term liabilities	(638,528)	-	(638,528)
	<hr/>	<hr/>	<hr/>
Total net assets	15,004,445	153,417	15,157,862
	<hr/>	<hr/>	<hr/>

Company	Unrestricted Funds £	Restricted Funds £	Total £
Tangible fixed assets	390,253	-	390,253
Current assets	4,631,536	153,417	4,784,953
Current liabilities	(2,084,184)	-	(2,084,184)
Long term liabilities	(638,528)	-	(638,528)
	<hr/>	<hr/>	<hr/>
Total net assets	2,299,077	153,417	2,452,494
	<hr/>	<hr/>	<hr/>

18. CAPITAL COMMITMENTS

Capital expenditure of £58,918 (2017: £513,723) had been authorised by the Governors and was committed to at the balance sheet date.

19. RELATED PARTY TRANSACTIONS

During the year donations of £50,000 were received from Governors (2017: £70,000).

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

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

	Group	
	2018	2017
	£	£
Net movement in funds	226,170	534,538
Deposit interest receivable	(909)	(2,590)
Bank interest payable	6,861	4,085
Finance cost on advanced fees	8,066	10,217
	<hr/>	<hr/>
Operating surplus	240,188	546,250
Depreciation of tangible assets	791,341	625,692
(Increase)/decrease in stocks	(3,310)	8,823
Decrease/(Increase) in debtors	133,269	(145,095)
Increase/(decrease) in creditors	(215,408)	170,419
Advanced fees drawdown	(358,903)	(338,876)
Loss on sale of fixed assets	(215)	542
Movement in provisions for liabilities	(13,000)	(11,000)
	<hr/>	<hr/>
	573,962	856,755
	<hr/> <hr/>	<hr/> <hr/>

FARLEIGH SCHOOL TRUST LIMITED AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

21. PRIOR YEAR COMPARATIVES BY FUND

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total 2017 £
INCOME			
Donations and legacies	11,650	140,339	151,989
<i>Income from charitable activities</i>			
School operating income	7,855,988	-	7,855,988
<i>Income from other trading activities</i>			
Trading income	348,376	-	348,376
Investment income	2,590	-	2,590
TOTAL INCOME	<u>8,218,604</u>	<u>140,339</u>	<u>8,358,943</u>
EXPENDITURE			
<i>Costs of raising funds</i>			
Trading expenditure	84,986	-	84,986
<i>Expenditure on charitable activities</i>			
School operating costs	7,676,255	63,164	7,739,419
TOTAL EXPENDITURE	<u>7,761,241</u>	<u>63,164</u>	<u>7,824,405</u>
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS FOR THE YEAR	457,363	77,175	534,538
Transfer between funds	90,323	(90,323)	-
<i>Reconciliation of funds</i>			
Total funds brought forward	14,456,759	166,565	14,623,324
Total funds carried forward	<u><u>15,004,445</u></u>	<u><u>153,417</u></u>	<u><u>15,157,862</u></u>