

Charity Registration No. 1090757

Company Registration No. 04270330 (England and Wales)

PARAYHOUSE SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

PARAYHOUSE SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr N G G Herrtage Mr R S Peterson Ms Rosanna Saffell Mr S Hussey	(Appointed 27 June 2017)
Secretary	Ms. S L Jackson	
Charity number	1090757	
Company number	04270330	
Registered office	Hammersmith and Fulham College Gliddon Road London W14 9BL	
Auditor	Alpha Accountants (London) Limited 585A Fulham Road Fulham London SW6 5UA	
Bankers	HSBC UK PLC 315 Fulham Road Chelsea London SE10 9QJ	
Solicitors	Veale Wasbrough Vizards 86 Fetter Lane London EC4A 1AD	

PARAYHOUSE SCHOOL

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PARAYHOUSE SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act 2006) present their report and accounts for the year ended 31 August 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum and articles of association, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

Charitable Objects

The object for which the charity is established is to advance education by carrying on in Great Britain a school or schools for the public benefit at which infants, children and students may obtain education and instruction in academic, sporting, musical, cultural, scientific, technical, religious, vocational, social and commercial subjects, activities and crafts of every description. The charity provides a specialist education for students with speech, language and communication needs, moderate and severe learning difficulties and behavioural, emotional & social difficulties.

Aims of the charity

The school's primary aim is to provide a first class education through high quality tuition and through developing sporting, artistic and social skills in all its students. The school intends to provide an environment where each student can develop and fulfil his or her potential, thus to help build self-confidence, independence and social awareness.

The school focuses its work on preparing students with special needs for the challenges they will meet when leaving school. The school recognises that it is the development of social, language and thinking skills which enable students to express themselves, to understand and to function optimally in the world.

We also believe in the power of collaborative practice. Together, we face challenges, celebrate achievement and aspire to do our very best.

We deliver our mission in three essential ways:

Firstly, we provide a safe and nurturing environment where students feel secure and are confident and eager to learn.

Secondly, we create a highly specialised and individualised curriculum with speech and language at its heart, empowering students to learn.

Thirdly, we establish close working relationships between parents, carers, students and staff to support learning and behaviour.

Strategies for achieving aims and objectives

- Developing the new accommodation to provide a safe, secure and nurturing learning environment for students and staff.
 - Developing our leadership structure and leadership opportunities to ensure the efficient and effective management of the school.
 - Continuing the development of personalised learning and assessment to maximise the learning of all students.
 - Increasing the impact of speech and language therapy across the school with a view to achieving high standards in students' communication skills.
 - Maintaining the current high level of Governor, Trustee and parent involvement, to ensure the Headteacher and staff are well challenged, and that parents remain key to student development.
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PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

Compliance with Charity Commission guidance

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Employee involvement

The charity's policy is to consult and discuss with employees, through unions and staff meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the charity continues and that the appropriate training is arranged. It is the policy of the charity that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Grant making policies

The school does not currently have a grant making policy.

Use of volunteers

Parents of children attending the school volunteer to provide support for many fund raising activities during the year including raffles, quiz nights and sponsored events for the school. The Trustees would like to take this opportunity to say how much we appreciate their continuing and valuable support for our work.

A regular number of students from within higher education are offered unpaid, temporary work experience placements.

Achievements and performance

Main Achievements

- June 2017 saw the schools highest ever number of student entries for GCSE, Entry Level Certificates and Functional skills.
- A short, intensive fundraising project in January 2017 raised in excess of £12,000 required to fit out a sensory room. The project was completed by the end of the Summer term.
- All students in receipt of Pupil Premium Grant achieved at least as well as their peers.
- All year 11 students transitioned successfully to their further education placements.

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

Review of financial position

The charity generated a smaller surplus this year due to a fall in student numbers. Unrestricted funds have increased by £99,039 as the charity aims to bring reserves in line with the Trustees' reserves policy.

Restricted funds have increased modestly by £2,601, with the increase represented by a small amount of the capital maintenance grant which remains unused.

The majority of the charity's assets (£529,344) are represented by cash at bank and in hand, and liquid resources are more than sufficient to cover the charity's current liabilities (£144,760).

Income generation

During the year under review income mainly comprised of fees receivable in respect of the operation of the school of £870,872 (2016: £952,222) and generated funds and donations of £468,331 (2016: £453,309).

Resources expended

The total cost of operation of the school amounted to £1,280,407 (2016: £1,322,325), with the largest sum relating to staff costs of £909,383 (2016: £970,188). Governance costs amounted to £81,630 (2016: £78,264).

Reserves policy

Parayhouse School needs reserves to:

- Meet any contractual liabilities should the school be required to close
- Meet any unexpected costs such as premises moves, breakdown of machinery or staff cover
- Replace equipment as it wears out
- Ensure the school can maintain a high quality of service

Parayhouse school aims to maintain total unrestricted reserves at a level equivalent to six months operating costs based on current annual expenditure whilst also considering the possible need for redundancy costs and the requirement to repay the £124,246 loaned to the charity for refitting of the current leasehold premises should the school cease trading.

The Trustees regularly review the level of general reserves, and as of 31st August 2017 have determined that based upon 2016 levels of expenditure, the amount of unrestricted reserves required is £661,612. Current reserves are £500,752, of which £97,569 are restricted. Unrestricted funds are below policy levels at £403,183. The Trustees aim to raise unrestricted reserves to policy levels as soon as possible.

Going concern

After making appropriate enquires, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

Principal funding

The principal funding is from the central Education and Skills Funding Agency, with top-up school fees from placing LAs or parents.

The statement of Financial activities for the year is set out on page 9 of the financial statements. A summary of the financial results and the work by the charity is set out below.

How principal sources of funding support the key objectives of the charity

- The Education and Skills Funding Agency grant along with fees charged to parents facilitate the day to day running of the school, providing resources to cover staff salaries, books and stationery supplies and other operating overheads.
- Top-up fees received from placing local authorities are used to subsidise student fees and enable disadvantaged students with parents who would not otherwise be able to afford the school's fees to benefit from the high quality education provided.
- The Devolved Formula Capital grant enables the purchase of classroom and IT equipment to further learning.
- The Capital Maintenance grant ensures premises is fit for purpose and remains in good repair, and enables improvements for the benefit of the pupils, such as the construction of the all-weather playing surface.
- The Sports and PE grant facilitates the purchase of sports equipment, training and attendance at sporting events to develop the sporting skills of the pupils.

Fundraising activities/ income generation

The charity engaged in some fundraising directly, through the form of a summer fair and through targeted fundraising and donations in order to fit out and equip the new sensory room. Other money received in the form of donations and raised in raffles was used for specific items for the school.

Material Investments policy

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the Trustees see fit.

The Trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

Risk management

The Trustees are responsible for the management of the risks faced by the school. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating risks. Formal reviews of the charity's risk management process are regularly undertaken.

As of the balance sheet date, the key risks identified by the Trustees are as follows:

- Loss of key personnel
- Major incident (including fire, fraud, epidemic, child safety incident)
- Failure to implement a sustainable financial model
- Inadequate student achievement
- Lack of parent and stakeholder engagement

Key strategies implemented for mitigating these risks are:

- Annual review of the staff succession plan, requirement for outgoing key staff members to provide consultancy services to their respective replacements
- Continuous offering of safeguarding training to all staff, issue of clear guidelines for when the school should be closed and annual evacuation drills
- Consistent control and forecasting of student numbers, frequent review of management accounts and budgets by an appointed school finance officer
- Monitor and evaluate student achievement on a termly basis, provide regular training to staff members and create a staff culture where peer observation and discussion about learning are commonplace
- Appoint a family support manager to support transition in and out of the school, create a record of parent points of contact and review them regularly and circulate a weekly newsletter to all parents

Through the risk management process proposed for the school, the Trustees are satisfied that the major risks identified will be adequately mitigated where necessary. It is recognised the systems can only provide reasonable but not absolute assurance that the major risks have been adequately managed.

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Future developments

- Continue to review the teaching, learning and achievements in line with the school development plan, and to keep up to date with current special educational initiatives;
- Maintain the current high standards of individual student achievements as measured by the school's progress tracking system, external accreditation and independent value added criteria;
- Balance academic achievement through maintaining a curriculum allowing full scope for the development of sporting and social skills;
- Provide pastoral support for the duration of each student's time at the school; and in particular during transition at 16+ to further education; and.
- Continually review the whole School Development Plan including refurbishment and the investment of surplus funds to provide new facilities as necessary.

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

Structure, governance and management Constitution

The company is a charitable company limited by guarantee and was set up by constitution in 2001.

The company is constituted under a Memorandum and Articles of Association dated 2001 and is a registered charity (charity number 1090757).

The principal objective of the company is to provide education to children. During the year 2016/17 the school averaged 45 pupils.

Trustees

Mr N G G Herrtage

Mr J R E Dennis

(Resigned 1 November 2016)

Mr R W Atterbury

(Resigned 19 May 2017)

Mr R S Peterson

Ms Rosanna Saffell

Mr S Hussey

(Appointed 27 June 2017)

Method of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Policies adopted for the induction and training of Trustees

Members of the Board of Trustees are appointed to office following an interview with the Headteacher, and separately with the Chairs of Trustees and Governors.

It is proposed that future members will be included into the workings of the charity and the school, including Board policy and procedures, through attending a meeting as an observer and meetings with the Headteacher and Chairs of Trustees and Governors. Governors and Trustees training is provided for existing members to ensure that they remain fully conversant with relevant current legislation, policy and procedures. Governing documentation states that the time limit for serving on the board of Trustees is 3 years.

Organisational Management

A board of Trustees of between 3 and 9 members administers the charity. The Trustees of the charity are legally responsible for the overall management and control of the school and meet at least five times a year. The work of implementing their policies is normally carried out by the Headteacher. The Headteacher attends all the regular meetings of the Board of Trustees.

Remuneration Policy

Posts are advertised in the relevant arena – i.e. RCSLT for therapists, TES for senior teaching staff, Charity Job website for support staff. Pay is based on set paycales, where they exist, and the experience of the senior candidate. Similar posts are scrutinised to ensure fair and relevant salary levels, including London Weighting.

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2017

Group structure

The charity does not have any non-charitable subsidiary, and is not engaged in any form of trading.

Funds held as custodian

No funds are held as custodian.

Significant events after the year end

Headteacher

Due to the forthcoming retirement of the current Headteacher in July 2018, we can confirm that a new Headteacher has been successfully appointed and will commence on 1st September 2018.

Creation of a single Board

There will be a merging of the Trustees and Governors of Parayhouse School, to create a single Board of Governance. This is likely to be completed within the Spring or Summer Term of 2018.

Auditor

A resolution proposing that Alpha Accountants (London) Limited be reappointed as auditors of the company will be put to the members.

The Trustees report was approved by the Board of Trustees.

Mr R S Peterson

Trustee

Dated: 23 January 2018

Mr S Hussey

Trustee

Dated:23 January 2018

PARAYHOUSE SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

Statement of Trustees' responsibilities

The Trustees, who are also the directors of Parayhouse School for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

PARAYHOUSE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAYHOUSE SCHOOL

Opinion

We have audited the accounts of Parayhouse School (the 'charity') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, 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 accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its 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.

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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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.

Emphasis of matter

The comparative figures have been corrected for expenditure from funds provided by the devolved formula capital grant which were incorrectly classified as unrestricted.

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

PARAYHOUSE SCHOOL

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PARAYHOUSE SCHOOL

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trustees and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the accounts; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees' are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

for and on behalf of Alpha Accountants (London) Limited

23 January 2018

**Chartered Accountants
and Registered Auditors**

585A Fulham Road
Fulham
London
SW6 5UA

PARAYHOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<u>Income and endowments from:</u>					
Voluntary income	3	437,608	30,723	468,331	453,309
Charitable activities	4	870,872	-	870,872	952,222
Investments	5	20,334	-	20,334	773
Other income	6	23,151	-	23,151	45,048
Total income		1,351,965	30,723	1,382,688	1,451,352
<u>Expenditure on:</u>					
Raising funds	7	641	-	641	-
Charitable activities	8	1,252,285	28,122	1,280,407	1,322,325
Total resources expended		1,252,926	28,122	1,281,048	1,322,325
Net income for the year/ Net movement in funds		99,039	2,601	101,640	129,027
Fund balances at 1 September 2016		304,144	94,968	399,112	270,085
Fund balances at 31 August 2017		403,183	97,569	500,752	399,112

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

All income and expenditure derive from continuing activities.

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

PARAYHOUSE SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		176,490		20,920
Current assets					
Stocks	16	3,988		3,297	
Debtors	17	3,460		8,319	
Cash at bank and in hand		529,344		436,336	
		536,792		447,952	
Creditors: amounts falling due within one year	18	(144,760)		(69,760)	
Net current assets			392,032		378,192
Total assets less current liabilities			568,522		399,112
Creditors: amounts falling due after more than one year	20		(67,770)		-
Net assets			500,752		399,112
Income funds					
Restricted funds	23		97,569		94,969
Unrestricted funds			403,183		304,143
			500,752		399,112

PARAYHOUSE SCHOOL

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2017

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2017, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The Trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 23 January 2018

Mr R S Peterson
Trustee

Mr S Hussey
Trustee

Company Registration No. 04270330

PARAYHOUSE SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26		167,171		170,637
Investing activities					
Purchase of tangible fixed assets		(194,886)		(9,089)	
Proceeds on disposal of tangible fixed assets		(2,425)		-	
Interest received		20,334		773	
Net cash used in investing activities			(176,977)		(8,316)
Financing activities					
Payment of obligations under finance leases		102,814		-	
Net cash generated from/(used in) financing activities			102,814		-
Net increase in cash and cash equivalents			93,008		162,321
Cash and cash equivalents at beginning of year			436,336		274,015
Cash and cash equivalents at end of year			529,344		436,336

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Charity information

Parayhouse School is a Non-Maintained Special School for children with learning disabilities.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's governing document, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These accounts for the year ended 31 August 2017 are the first accounts of Parayhouse School prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Prior period error

Prior year figures have been corrected for expenditure from funds provided by the devolved formula capital grant which were incorrectly classified as unrestricted.

1.3 Going concern

At the time of approving the accounts, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.5 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

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

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.6 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at the school. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10% straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Computers	
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Critical accounting estimates and judgements

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

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

3 Voluntary income

	Unrestricted funds	Restricted funds	Total 2017	Total 2016 (as restated)
	£	£	£	£
Donations and gifts	17,108	-	17,108	3,822
Grants and funding	420,500	30,723	451,223	449,487
	<u>437,608</u>	<u>30,723</u>	<u>468,331</u>	<u>453,309</u>
For the year ended 31 August 2016	<u>424,322</u>	<u>28,987</u>		<u>453,309</u>
Grants receivable for core activities				
Capital maintenance grant	-	19,070	19,070	19,070
Devolved formula capital	-	5,653	5,653	5,417
PE and sports grant	-	6,000	6,000	4,500
EFA funding	420,500	-	420,500	420,500
	<u>420,500</u>	<u>30,723</u>	<u>451,223</u>	<u>449,487</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

4 Charitable activities

	2017 £	2016 £
School fees receivable	870,872	952,222

5 Investments

	2017 £	2016 £
Interest receivable	20,334	773

6 Other income

	2017 £	2016 (as restated) £
Other income	154	17,094
Lunch money	19,438	25,151
Uniform income	1,731	2,158
Excursion money	1,828	645
	23,151	45,048

7 Raising funds

	2017 £	2016 £
<u>Fundraising and publicity</u>		
Other fundraising costs	641	-
	641	-

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	2017	2016 (as restated)
	£	£
Staff costs	773,860	839,041
Depreciation and impairment	21,192	7,374
Courses	24,969	23,507
Education Materials	8,278	7,271
Sport Costs	7,140	7,328
Functions and Outgoings	14,814	11,755
Other expenditure	24,335	51,340
	<u>874,588</u>	<u>947,616</u>
Share of support costs (see note 9)	324,189	296,446
Share of governance costs (see note 9)	81,630	78,263
	<u>1,280,407</u>	<u>1,322,325</u>
Analysis by fund		
Unrestricted funds	1,252,285	
Restricted funds	28,122	
	<u>1,280,407</u>	
For the year ended 31 August 2016		
Unrestricted funds		1,308,802
Restricted funds		13,523
		<u>1,322,325</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Support costs

	Support costs	Governance costs	2017	2016 (as restated)
	£	£	£	£
Staff costs	65,104	70,419	135,523	131,147
Depreciation	16,756	-	16,756	9,041
School lunches	27,711	-	27,711	25,512
School uniform costs	3,281	-	3,281	1,593
Insurance	11,229	-	11,229	11,619
Caretaking costs	1,080	-	1,080	1,739
Hire of plant and machinery	11,840	-	11,840	12,947
Motor expenses	2,803	-	2,803	11,517
Rent and rates	60,000	-	60,000	65,761
Other expenditure	124,385	-	124,385	92,787
Audit fees	-	7,408	7,408	5,400
Accountancy	-	3,803	3,803	5,646
	<u>324,189</u>	<u>81,630</u>	<u>405,819</u>	<u>374,709</u>
Analysed between				
Charitable activities	<u>324,189</u>	<u>81,630</u>	<u>405,819</u>	<u>374,709</u>

Governance costs includes payments to the accountants and auditors of £8,400 (2016- £7,200) for accountancy and audit fees.

10 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor and associates:	2017	2016 (as restated)
	£	£
Audit of the charity's annual accounts	7,408	5,400
Non-audit services		
All other non-audit services	<u>3,803</u>	<u>5,646</u>

Non audit services represent the preparation of statutory accounts and payroll computations.

11 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year, but Mr J Dennis was reimbursed a total of £304 for a retirement dinner (2016 - £Nil)

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

12 Employees

Number of employees

The average monthly number employees during the year was:

2017 Number	2016 Number
31	32

Employment costs

	£	£
Wages and salaries	810,365	870,541
Social security costs	78,464	83,067
Other pension costs	20,554	16,580
	909,383	970,188

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

	2017 Number	2016 Number
In the band £60,001 - £70,000	1	1

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2017 £	2016 £
In respect of:		
Property, plant and equipment	-	1,157

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computers	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2016	-	146,107	84,613	(2,431)	-	228,289
Additions	138,365	4,241	22,108	-	30,172	194,886
Disposals	-	(88,259)	(64,076)	-	-	(152,335)
	<u>138,365</u>	<u>62,089</u>	<u>42,645</u>	<u>(2,431)</u>	<u>30,172</u>	<u>270,840</u>
At 31 August 2017	138,365	62,089	42,645	(2,431)	30,172	270,840
Depreciation and impairment						
At 1 September 2016	-	128,087	81,714	(1,064)	-	208,737
Depreciation charged in the year	13,837	9,962	7,151	(456)	5,029	35,523
Eliminated in respect of disposals	-	(84,591)	(65,319)	-	-	(149,910)
	<u>13,837</u>	<u>53,458</u>	<u>23,546</u>	<u>(1,520)</u>	<u>5,029</u>	<u>94,350</u>
At 31 August 2017	13,837	53,458	23,546	(1,520)	5,029	94,350
Carrying amount						
At 31 August 2017	<u>124,528</u>	<u>8,631</u>	<u>19,099</u>	<u>(911)</u>	<u>25,143</u>	<u>176,490</u>
At 31 August 2016	<u>-</u>	<u>18,020</u>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>20,920</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

14 Tangible fixed assets (Continued)

More information on the impairment arising in the year is given in note 13.

15 Financial instruments

	2017 £	2016 £
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Carrying amount of financial liabilities

Measured at amortised cost

151,300	57,700
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16 Stocks

	2017 £	2016 £
--	-----------	-----------

Finished goods and goods for resale

3,988	3,297
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17 Debtors

	2017 £	2016 £
--	-----------	-----------

Amounts falling due within one year:

Prepayments and accrued income

3,460	8,319
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18 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
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Obligations under finance leases

Deferred income

Trade creditors

Other creditors

Accruals

21

35,044	-
61,230	12,060
9,238	-
24,724	26,678
14,524	31,022

144,760	69,760
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Finance lease commitments

Future minimum lease payments due under finance leases:

	2017 £	2016 £
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Within one year

Within two and five years

41,631	-
73,688	-

115,319	-
(12,505)	-

Less: future finance charges

102,814	-
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PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

Finance lease commitments

(Continued)

20 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases		67,770	-

21 Deferred income

	2017 £	2016 £
Other deferred income	61,230	12,060

Deferred income is included in the financial statements, and represents the student fees relating to the income in the following year.

2017 £	2016 £
61,230	12,060

22 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	65,055	64,634
Between two and five years	85,476	150,531
	150,531	215,165

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

23 Restricted funds

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

	Balance at 1 September 2016 (as restated)	Movement in funds		Balance at 31 August 2017
		Incoming resources	Resources expended	
	£	£	£	£
Capital maintenance grant	81,274	19,070	(14,513)	85,831
Devolved formula capital	9,362	5,653	(6,679)	8,336
PE and sports grant	4,332	6,000	(6,930)	3,402
	<u>94,968</u>	<u>30,723</u>	<u>(28,122)</u>	<u>97,569</u>

The capital maintenance grant is held to finance the improvement and upkeep of the building and grounds of the school.

The Devolved formula capital is held to finance the purchase of assets to facilitate learning.

The PE and sports grant is held to finance the purchase of sporting equipment and excursions.

24 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2017 are represented by:			
Tangible assets	128,085	48,405	176,490
Current assets/(liabilities)	342,868	49,164	392,032
Long term liabilities	(67,770)	-	(67,770)
	<u>403,183</u>	<u>97,569</u>	<u>500,752</u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>227,431</u>	<u>175,297</u>

No transactions were entered into during the year with related parties, and no related party balances exist at year end.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

26	Cash generated from operations	2017 £	2016 £
	Surplus for the year	101,640	129,027
	Adjustments for:		
	Investment income recognised in statement of financial activities	(20,334)	(773)
	Loss on disposal of tangible fixed assets	6,218	-
	Depreciation and impairment of tangible fixed assets	35,523	16,415
	Movements in working capital:		
	(Increase) in stocks	(691)	(1,246)
	Decrease in debtors	4,859	16,419
	(Decrease)/increase in creditors	(9,214)	1,481
	Increase in deferred income	49,170	9,314
	Cash generated from operations	<u>167,171</u>	<u>170,637</u>