

Charity number: 1159854

Fair Ways Foundation

Registered number: 08979945

Trustees report and financial statements

For the year ended 31 October 2017

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

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FAIR WAYS FOUNDATION

(A Company Limited by Guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) are pleased to present their annual report together with the audited consolidated financial statements of Fair Ways Foundation (the company and the group) for the year ended 31 October 2017 which have been prepared to meet the requirements for a directors' report and accounts for Companies Act Purposes.

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).

Our objectives and Activities

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the charity commission relating to public benefit.

Our objectives and Activities

The objectives of our charity are to:

- Address social exclusion
- Improve health and wellbeing
- Promote education and literacy
- Support vulnerable children and young people
- Support vulnerable people and families

The vision that shapes our annual activities remains the promotion and fostering of knowledge of the plight of children and young people in the care system and enabling these conditions to be addressed.

The strategies and activities employed to meet the charities objectives are as follows:

Establishing and administering **annual education bursaries or grants** for young people who have left the Care system. The Foundation will ensure that further education opportunities will be available to individuals who otherwise would not have this opportunity.

Support, financially or otherwise, services delivered to young people in need who otherwise would not qualify for the funding that is required to meet that identified need – such as therapy delivered by qualified BACP Registered therapists.

Acquire or develop property to provide suitable accommodation for care leavers who otherwise would not qualify for adult services support.

Promote and educate society with respect to the plight of looked after children and young persons.

Strategic report

Achievements and performance

Key financial performance indicators

The Trustees are delighted to report that in Spring 2017 the company was judged by the Sunday Times Best 100 committee to be the 5th best company to work for in the not for profit sector.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 OCTOBER 2017

Review of activities

Fairways Care (UK) Limited has had a successful year, in which the various services cared for 238 children on behalf of 21 different Local Authorities.

The company published its inaugural Fair Ways Impact Report in February 2017, providing a comprehensive insight into the activities of each service offered. This report is available online at the following URL: <https://www.fairways.co/fairwaysimpactreport/>

During the year to 31 October 2017, the company opened a Therapeutic Hub designed around the needs of our young people in order to maximise their potential to engage in services.

The total number of staff increased from 252 to 302 in the period, and the company remains wholly committed to staff development and training. In the year to 31 October 2017, over 1,600 hours of training were delivered at a cost of £474,000.

The annual Times 100 survey confirmed an increase in staff engagement levels during the year. These were 87% during 2017 compared with 84% in 2016.

The company has an active employee committee coordinated by a full time member of staff. All departments have a representative on the committee which plays a key role in giving a voice to all staff in how the organisation develops and improves. A representative of the committee attends the FCL executive board meetings.

Fair Ways Foundation Grants

The Foundation makes available funding of £5,000 per annum to each of three funds:

The Talking Fund	psychological talking therapies for young people leaving care
Youth Training Provider Fund	to engage young people not in education, training or employment
Education Bursary Fund	tuition or practical support for transition to higher education

In addition the Foundation will consider other grant applications against strict criteria.

Fair Ways Foundation Annual Charitable Challenge

In 2017, the challenge adopted was 'Unite for Mike', to assist a former colleague suffering from Multiple Sclerosis. This campaign raised funds to hire disabled transport each week for eighteen months and company staff volunteered time to act as carers on these trips.

Financial review

This was a year of sound financial performance whilst achieving the care objectives of the charity. The Foundation is building reserves to support future development, and comply with financial covenants. The results for the year are set out on page 10. Total income amounted to £11,168,042 (2016: £9,834,309) and total expenditure amounted to £10,688,859 (2016: £9,559,274) resulting in net income of £479,183 (2016: £275,035).

Investment powers and policy

The trustees will continue to look for opportunities to invest in the acquisition of properties to assist the

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 OCTOBER 2017

activities of the trading business.

Reserves policy

The trustees intend to ensure that the charity and the operating business adopt a prudent approach to reserves.

In the short term the trustees intend to ensure that sufficient dedicated reserves are retained as follows:

- Reserves equivalent to 3 months repayments of all charity loans.

The trading company has a prudent reserves policy as follows:

- Reserves equivalent to 6 weeks of the salary bill of the trading company

This key performance indicator is reported to the trustees on a quarterly basis.

At the year end total reserves stood at £1,348,782.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operation for not less than twelve months from the date of this report. The Trustees have therefore used 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.

Plans for future periods

The charity operates independently from the trading operations of Fairway Care (UK) Limited, focused on the welfare of children and young people.

Structure, governance and management

Governing document

Fair Ways Foundation is a company limited by guarantee governed by a Deed of Governance dated 20 October 2014 and by its Memorandum and Articles of Association dated 4 April 2014. It is registered as a charity with the Charity Commission.

Method of appointment or election of Trustees

Trustees determine the skill set and experience required for an effective board, and search for suitable candidates, using external advertising when appropriate. Candidates are interviewed, references taken, and are subject to DBS checks prior to appointment for an initial term, and subject to reappointment at the first AGM following their appointment.

Policies adopted for the induction and training of Trustees

All Trustees are offered a bespoke induction course tailored to add to their prior experience. This includes a day of introductions to senior staff in the operating company, visits to company care facilities, training centres, and schools, and attendance at professional adviser training courses.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 OCTOBER 2017

Pay policy for senior staff

The trustees, chief executive officer, company secretary (director of finance) and the general manager comprise the key operational management personnel of the charity in charge of directing and controlling, running and operating the trading company on a day to day basis. All trustees give of their time freely and are not remunerated. The remuneration of the managing director is set by a remuneration committee made up of Trustees. The managing director sets the pay for the executive team. Details of trustee expenses are disclosed in Note 12 to the accounts.

Related party relationships

The charity's trading subsidiary is Fairways Care (UK) Limited, a wholly owned limited company, which provides high quality social care and education services including school and foster placements, residential children's homes, a post 16 service and a family assessment centre.

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces.
- the establishment of policies, systems and procedures to mitigate those risks identified in annual review
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

In addition, the issue of risk management is a key imperative for Fair Ways and the trading company has comprehensive policies and procedures in place. Risk management is a key element in the quarterly managing director reports to trustees.

Trustees' responsibilities statement

The Trustees (who are also directors of Fair Ways Foundation for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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 group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 OCTOBER 2017

the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

This report, incorporating the Strategic Report, was approved by the Trustees, on *15 Dec 2017* and signed on their behalf by:

Ian Davies

Mr Ian Davies, Chairman

FAIR WAYS FOUNDATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 OCTOBER 2017

Trustees	Mr Ian Davies Dr. Alexander Burnfield Dr. Elaine Maxwell Ms Anne Segall	Chairman (resigned 16/06/2017)
Company registered number	08979945	
Charity registered number	1159854	
Registered office	Suite 8, Fairways House Mount Pleasant Road Southampton Hampshire SO14 0QB	
Company secretary	Mrs Vivien A Sheath	
General Manager	Paul Moran	
Independent auditor	Mazars LLP Chartered Accountants 90 Victoria Street Bristol BS1 6DP	
Bankers	Unity Trust Bank Nine Brindley Place Birmingham B1 2HB	

FAIR WAYS FOUNDATION

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR WAYS FOUNDATION

Opinion

We have audited the financial statements of Fair Ways Foundation (the 'company') for the year ended 31 October 2017 which comprise the group Income and Expenditure Account, the group and charity Balance Sheets 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 FRS 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 company's affairs as at 31 October 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Directors' Report, other than the financial statements and our auditor's report thereon. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR WAYS FOUNDATION

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

FAIR WAYS FOUNDATION
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIR WAYS
FOUNDATION**

In preparing the financial statements, the directors are responsible for assessing the 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 directors 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 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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.

Jonathan Marchant (Senior statutory auditor)



for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street

Bristol
BS1 6DP

Date: 15/12/2017.

FAIR WAYS FOUNDATION
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME
AND EXPENDITURE ACCOUNT**
FOR THE YEAR ENDED 31 OCTOBER 2017

	Note	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:				
Donations and legacies	2	-	-	134
Charitable activities	4	11,167,032	11,167,032	9,832,390
Investments	3	1,010	1,010	1,785
Total income		<u>11,168,042</u>	<u>11,168,042</u>	<u>9,834,309</u>
Expenditure on:				
Charitable activities	7,8,9	<u>10,688,859</u>	<u>10,688,859</u>	<u>9,559,274</u>
Total expenditure	5	<u>10,688,859</u>	<u>10,688,859</u>	<u>9,559,274</u>
Net income before other recognised gains and losses		479,183	479,183	275,035
Net movement in funds		479,183	479,183	275,035
Reconciliation of funds:				
Total funds brought forward		<u>869,599</u>	<u>869,599</u>	594,564
Total funds carried forward		<u><u>1,348,782</u></u>	<u><u>1,348,782</u></u>	<u><u>869,599</u></u>

The notes on pages 14 to 32 form part of these financial statements.

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08979945

CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	13		1,482,121		1,673,362
Tangible assets	14		2,844,225		2,802,266
Investments	15		-		-
			<u>4,326,346</u>		<u>4,475,628</u>
Current assets					
Debtors	16	1,423,997		1,285,117	
Cash at bank and in hand		1,152,632		824,782	
		<u>2,576,629</u>		<u>2,109,899</u>	
Creditors: amounts falling due within one year	17	(1,756,550)		(1,652,676)	
Net current assets			<u>820,079</u>		<u>457,223</u>
Total assets less current liabilities			<u>5,146,425</u>		<u>4,932,851</u>
Creditors: amounts falling due after more than one year	18		(3,792,088)		(4,057,697)
Deferred tax	19		(5,555)		(5,555)
Net assets			<u><u>1,348,782</u></u>		<u><u>869,599</u></u>
Charity Funds					
Unrestricted funds:					
Unrestricted funds	21	844,745		365,562	
Revaluation reserve		<u>504,037</u>		<u>504,037</u>	
Total unrestricted funds			<u>1,348,782</u>		<u>869,599</u>
Total funds			<u><u>1,348,782</u></u>		<u><u>869,599</u></u>

The financial statements were approved and authorised for issue by the Trustees on 15 Dec 2017 and signed on their behalf, by:

Ian Davis

The notes on pages 14 to 32 form part of these financial statements.

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08979945

CHARITY BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	14		2,477,292		2,460,957
Investments	15		3,035,030		3,035,030
			<u>5,512,322</u>		<u>5,495,987</u>
Current assets					
Debtors	16	69,217		92,667	
Cash at bank		232,226		171,648	
		<u>301,443</u>		<u>264,315</u>	
Creditors: amounts falling due within one year	17	(295,062)		(272,862)	
Net current assets/(liabilities)			<u>6,381</u>		<u>(8,547)</u>
Total assets less current liabilities			<u>5,518,703</u>		<u>5,487,440</u>
Creditors: amounts falling due after more than one year	18		(3,792,088)		(4,057,697)
Net assets			<u><u>1,726,615</u></u>		<u><u>1,429,743</u></u>
Charity Funds					
Unrestricted funds:					
Unrestricted income funds	21	1,222,578		925,706	
Revaluation reserve		504,037		504,037	
		<u></u>		<u></u>	
Total unrestricted funds			<u>1,726,615</u>		<u>1,429,743</u>
Total funds			<u><u>1,726,615</u></u>		<u><u>1,429,743</u></u>

The financial statements were approved and authorised for issue by the Trustees on 15 Dec 2017 and signed on their behalf, by:

Ian Davies

Mr Ian Davies, Chairman

The notes on pages 14 to 32 form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	23	695,656	499,340
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,010	1,785
Proceeds from the sale of tangible fixed assets		16,034	1,041
Purchase of tangible fixed assets		(136,145)	(567,624)
Net cash used in investing activities		(119,101)	(564,798)
Cash flows from financing activities:			
Repayments of borrowings		(248,705)	(326,531)
Cash inflows from new borrowing		-	350,000
Net cash (used in)/provided by financing activities		(248,705)	23,469
Change in cash and cash equivalents in the year		327,850	(41,989)
Cash and cash equivalents brought forward		824,782	866,771
Cash and cash equivalents carried forward	24	1,152,632	824,782

The notes on pages 14 to 32 form part of these financial statements.

FAIR WAYS FOUNDATION

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

1. Accounting Policies

1.1 General information

The charity is a company limited by guarantee (company registered number 08979945 and charity registered number 1159854) registered in England and Wales. The registered office is Suite 8, Fairways House, Mount Pleasant Road, Southampton, Hampshire, SO4 0QB.

1.2 Basis of preparation of financial statements

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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fair Ways Foundation 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. The presentation currency of the financial statements is sterling and the financial statements are rounded to the nearest £. The financial statements cover the current year ended 31 October 2017 and the comparative information relates to the year ended 31 October 2016.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the charity alone as permitted by section 408 of the Companies Act 2006. The statement of financial activities for the year dealt with in the accounts of the charity was £296,872 (2016 - £524,131).

1.3 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 6. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.4 Preparation of the financial statements on a going concern basis

The financial statements have been prepared on the basis that the charity is a going concern. The trustees consider that there are no material uncertainties on the charity's ability to continue its activities for the foreseeable future. They have approved a detailed income and expenditure budget for 2018 and its reserves policy means that it will be able to meet its obligations and have sufficient time to mitigate against any unforeseen circumstances.

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. Accounting Policies (continued)

1.6 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.9 Intangible fixed assets and amortisation

Intangible assets comprise the customer relations acquired when the charity purchased Fairways Care (UK) Limited.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Customer relations	-	Straight line over 10 years
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. Accounting Policies (continued)

1.10 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Nil
S/Term Leasehold Property	-	Straight line over 15 years
Motor vehicles	-	Straight line over 3 years
Fixtures & fittings	-	Straight line over 3 years
Mobile Homes	-	Straight line over 15 years

1.11 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.12 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the charity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.13 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.14 Debtors

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

FAIR WAYS FOUNDATION

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

1. Accounting Policies (continued)

1.15 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.16 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 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 subsequently measured at amortised cost using the effective interest method.

1.18 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.19 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

FAIR WAYS FOUNDATION

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. Accounting Policies (continued)

1.20 Judgements in applying accounting policies and key sources of estimation uncertainty

The Charity does not charge depreciation on its freehold properties. The properties are required to be maintained at an extremely high standard to serve their service users and as a result of this, and previous valuations demonstrating increases in value, the trustees believe that the residual value of the property portfolio would mean that any depreciation charge would be immaterial.

2. Income from donations and legacies

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	-	134
<i>Total 2016</i>	134	134	

3. Investment income

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest received	1,010	1,010	1,785
<i>Total 2016</i>	1,785	1,785	

4. Income from charitable activities

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Provision of care and education activities	11,167,032	11,167,032	9,832,390
<i>Total 2016</i>	9,832,390	9,832,390	

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

5. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of care and education activities	6,353,836	87,391	4,039,524	10,480,751	9,345,589
Expenditure on governance	-	191,241	16,867	208,108	213,684
	<u>6,353,836</u>	<u>278,632</u>	<u>4,056,391</u>	<u>10,688,859</u>	<u>9,559,273</u>
<i>Total 2016</i>	<u>5,250,055</u>	<u>278,889</u>	<u>4,030,329</u>	<u>9,559,273</u>	

6. Analysis of grants

	Total 2017 £	Total 2016 £
Grants	<u>-</u>	<u>7,394</u>

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

7. Direct costs

	Activities	Total	Total
	£	2017	2016
		£	£
Light and heat	63,558	63,558	49,765
Repairs and maintenance	216,126	216,126	189,429
Telephone and mobiles	34,384	34,384	28,503
Vehicle running costs/mileage	217,099	217,099	204,298
Rent	372,309	372,309	328,601
Teaching supplies	10,910	10,910	7,328
Rates and water	62,264	62,264	60,775
Food	99,825	99,825	85,682
Other establishment costs	170,293	170,293	186,115
Consultation, therapy fees and bought in services	487,241	487,241	608,562
Panel/assessments	22,441	22,441	23,810
Foster allowances	1,065,997	1,065,997	1,073,775
Caravan	4,609	4,609	4,256
Support activities	159,189	159,189	156,650
Support mileage	30,758	30,758	28,368
Insurance	75,006	75,006	64,263
Recruitment and business development	149,998	149,998	182,365
Department training	209,089	209,089	157,565
Wages and salaries	5,182,671	5,182,671	4,293,546
	<u>8,633,767</u>	<u>8,633,767</u>	<u>7,733,656</u>
<i>At 31 October 2016</i>	<u>7,733,656</u>	<u>7,733,656</u>	

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

8. Support costs

	Activities	Total	Total
	£	2017	2016
		£	£
Staff Welfare	55,234	55,234	22,665
Travel and subsistence	14,853	14,853	9,705
Stationery	11,338	11,338	12,298
Telephone	2,224	2,224	4,262
Computer support/maintenance	65,987	65,987	48,307
Subscriptions/CRB checks	3,237	3,237	5,026
Legal fees	51,552	51,552	52,505
Bank charges	3,548	3,548	8,316
Rent	36,014	36,014	27,878
Rates	13,552	13,552	11,063
Light and heat	7,653	7,653	4,988
Service charges	15,774	15,774	10,227
Repairs and maintenance	16,488	16,488	65,790
Mobile phones	1,793	1,793	125
Input VAT not reclaimable	1,823	1,823	808
Office equipment	4,464	4,464	5,067
Sale of fixed assets	(9,239)	(9,239)	488
Bank and loan interest	226,091	226,091	223,949
Hire purchase interest	-	-	551
Entertainment	42	42	-
Corporation tax	66,000	66,000	46,364
Wages and salaries	1,171,165	1,171,165	956,509
Depreciation	87,391	87,391	87,648
	<u>1,846,984</u>	<u>1,846,984</u>	<u>1,604,539</u>
<i>At 31 October 2016</i>	<u>1,604,539</u>	<u>1,604,539</u>	

9. Governance costs

	Unrestricted	Total	Total
	funds	funds	funds
	2017	2017	2016
	£	£	£
Auditors' remuneration	9,152	9,152	9,500
Auditors' non audit costs	6,166	6,166	11,973
Trustee indemnity insurance	1,022	1,022	510
Trustee travel reimbursed	527	527	460
Amortisation of intangible asset	191,241	191,241	191,241
	<u>208,108</u>	<u>208,108</u>	<u>213,684</u>

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

10. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Amortisation - intangible fixed assets	191,241	191,241
Depreciation of tangible fixed assets:		
- owned by the charitable group	87,391	80,033
- held under finance leases	-	7,615
Operating lease rentals	27,878	25,300
	<u>27,878</u>	<u>25,300</u>

11. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the charity's auditor and its associates for the audit of the charity's annual accounts	9,152	9,500
Fees payable to the charity's auditor and its associates in respect of:		
Taxation compliance services	725	725
All other non-audit services not included above	5,441	11,248
	<u>5,441</u>	<u>11,248</u>

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

12. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	5,707,586	4,709,318
Social security costs	525,397	429,068
Other pension costs	120,853	111,669
	<hr/>	<hr/>
	6,353,836	5,250,055
	<hr/>	<hr/>

The average number of persons employed by the charity during the year was as follows:

	2017	2016
	No.	No.
Directors	5	5
Maintenance	4	3
Admin	33	27
Direct staff	226	203
	<hr/>	<hr/>
	268	238
	<hr/>	<hr/>

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £60,001 - £70,000	0	3
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	3	1
In the band £110,000 - £120,000	1	0

The trustees were not paid or in receipt of any other benefits from employment with the charity or its subsidiary in the year. Three trustees were reimbursed £527 (2016: £460) for travel expenses in the year. No trustee received payment for professional or other services supplied to the charity.

The key management personnel of the group comprise those of the trust (the trustees), the chief executive officer, the general manager and the director of finance. The aggregate remuneration and benefits for key management personnel total £318,668 (2016: £288,704).

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

13. Intangible fixed assets

Group	Customer relations £
Cost	
At 1 November 2016 and 31 October 2017	1,912,413
Amortisation	
At 1 November 2016	239,051
Charge for the year	191,241
At 31 October 2017	430,292
Carrying amount	
At 31 October 2017	1,482,121
At 31 October 2016	1,673,362

14. Tangible fixed assets

Group	Freehold property £	S/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Mobile Homes £	Total £
Cost or valuation						
At 1 November 2016	2,460,957	392,802	102,810	280,605	31,979	3,269,153
Additions	16,335	40,472	46,072	33,266	-	136,145
Disposals	-	-	(56,385)	(7,195)	-	(63,580)
At 31 October 2017	2,477,292	433,274	92,497	306,676	31,979	3,341,718
Depreciation						
At 1 November 2016	-	133,635	72,130	232,880	28,242	466,887
Charge for the year	-	31,958	22,547	30,735	2,151	87,391
On disposals	-	-	(50,075)	(6,710)	-	(56,785)
At 31 October 2017	-	165,593	44,602	256,905	30,393	497,493
Net book value						
At 31 October 2017	2,477,292	267,681	47,895	49,771	1,586	2,844,225
At 31 October 2016	2,460,957	259,167	30,680	47,725	3,737	2,802,266

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2017 £	2016 £
Motor vehicles	-	1,269
Charity		Freehold property £
Cost or valuation		
At 1 November 2016		2,460,957
Additions		16,335
At 31 October 2017		2,477,292
Depreciation		
At 1 November 2016 and 31 October 2017		-
Net book value		
At 31 October 2017		2,477,292
At 31 October 2016		2,460,957

15. Fixed asset investments

Charity		Shares in group undertakings £
Market value		
At 1 November 2016 and 31 October 2017		3,035,030
Charity investments at market value comprise:		
	2017 £	2016 £
Group	3,035,030	3,035,030

All the fixed asset investments are held in the UK.

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

16. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,238,135	1,042,023	-	-
Amounts owed by group undertakings	-	-	-	1,563
Other debtors	21,584	44,696	-	-
Prepayments and accrued income	164,278	198,398	69,217	91,104
	<u>1,423,997</u>	<u>1,285,117</u>	<u>69,217</u>	<u>92,667</u>

17. Creditors: Amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	43,422	40,975	43,422	40,975
Other loans	218,949	204,492	218,949	204,492
Net obligations under finance leases and hire purchase contracts	-	9,944	-	-
Trade creditors	107,720	93,882	-	-
Amounts owed to group undertakings	-	-	7,863	-
Corporation tax	66,000	46,364	-	-
Other taxation and social security	258,811	261,577	-	-
Other creditors	435,281	384,047	-	-
Accruals and deferred income	626,367	611,395	24,828	27,395
	<u>1,756,550</u>	<u>1,652,676</u>	<u>295,062</u>	<u>272,862</u>

	Group		Charity	
	£	£	£	£
Deferred income				
Deferred income at 1 November 2016	358,846	272,487	-	-
Resources deferred during the year	348,644	358,846	-	-
Amounts released from previous years	(358,846)	(272,487)	-	-
Deferred income at 31 October 2017	<u>348,644</u>	<u>358,846</u>	<u>-</u>	<u>-</u>

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

18. Creditors: Amounts falling due after more than one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	1,519,937	1,563,312	1,519,937	1,563,312
Other loans	2,272,151	2,494,385	2,272,151	2,494,385
	3,792,088	4,057,697	3,792,088	4,057,697

Included within the above are amounts falling due as follows:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Between one and two years				
Bank loans	45,162	42,640	45,162	42,640
Other loans	233,611	204,492	233,611	204,492
Between two and five years				
Bank loans	146,638	138,606	146,638	138,606
Other loans	798,958	817,968	798,958	817,968
Over five years				
Bank loans	1,328,137	1,382,066	1,328,137	1,382,066
Other loans	1,239,582	1,471,925	1,239,582	1,471,925

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Repayable by instalments	2,567,719	2,853,991	2,567,719	2,853,991

The bank loan has a fixed and floating charge over freehold property known as Manor Farm and cottage; freehold property known as 43 Paddington Grove, Bournemouth; freehold property known as 63 Crowther Close, Southampton, 2 St Saviours Terrace and Ty Rhos Bach and all freehold and leasehold property vested in the company both at present and in the future. The loan is repayable over 25 years and interest is charged at bank base rate plus 3%.

There is a debenture dated 24 July 2015 incorporating a fixed & floating charge given by both Fair Ways Foundation & Fairways Care (UK) Ltd.

There is a guarantee limited to £1.3m dated 24 July 2015 given by Fairways Care (UK) Ltd to Fair Ways Foundation.

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

19. Deferred taxation

	<u>Group</u>		<u>Charity</u>	
	2017 £	2016 £	2017 £	2016 £
At beginning and end of year	5,555	5,555	-	-

The provision for deferred taxation is made up as follows:

	<u>Group</u>		<u>Charity</u>	
	2017 £	2016 £	2017 £	2016 £
Accelerated capital allowances	5,555	5,555	-	-

20. Financial instruments

	2017 £	2016 £
Financial assets measured at amortised cost	2,485,265	1,911,601
Financial liabilities measured at amortised cost	4,581,465	4,781,093

Financial assets measured at amortised cost comprise cash at bank, trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors and bank and other loans.

21. Statement of funds

Statement of funds - current year

	Balance at 1 November 2016 £	Income £	Expenditure £	Balance at 31 October 2017 £
Unrestricted funds				
General Fund	365,562	11,168,042	(10,688,859)	844,745
Revaluation Reserve	504,037	-	-	504,037
	<u>869,599</u>	<u>11,168,042</u>	<u>(10,688,859)</u>	<u>1,348,782</u>

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

21. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 November 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 October 2016 £
Unrestricted funds					
General Fund	90,526	9,834,309	(9,559,273)	-	365,562
Revaluation Reserve	504,037	-	-	-	504,037
	<u>594,563</u>	<u>9,834,309</u>	<u>(9,559,273)</u>	<u>-</u>	<u>869,599</u>
 Total of funds	 <u>594,563</u>	 <u>9,834,309</u>	 <u>(9,559,273)</u>	 <u>-</u>	 <u>869,599</u>

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Total funds 2017 £
Intangible fixed assets	1,482,121	1,482,121
Tangible fixed assets	2,844,226	2,844,226
Current assets	2,576,628	2,576,628
Creditors due within one year	(1,756,550)	(1,756,550)
Creditors due in more than one year	(3,792,088)	(3,792,088)
Provisions for liabilities and charges	(5,555)	(5,555)
	<u>1,348,782</u>	<u>1,348,782</u>

FAIR WAYS FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Total funds 2016 £
Intangible fixed assets	1,673,362	1,673,362
Tangible fixed assets	2,802,267	2,802,267
Current assets	2,109,899	2,109,899
Creditors due within one year	(1,652,677)	(1,652,677)
Creditors due in more than one year	(4,057,697)	(4,057,697)
Provisions for liabilities and charges	(5,555)	(5,555)
	<u>869,599</u>	<u>869,599</u>

23. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	Group 2016 £
Net income for the year (as per Statement of Financial Activities)	479,183	275,035
Adjustment for:		
Depreciation charges	278,632	278,889
Dividends, interest and rents from investments	(1,010)	(1,785)
(Profit)/loss on the sale of fixed assets	(9,239)	488
Increase in debtors	(138,880)	(261,476)
Increase in creditors	86,970	208,189
Net cash provided by operating activities	<u>695,656</u>	<u>499,340</u>

24. Analysis of cash and cash equivalents

	2017 £	Group 2016 £
Cash in hand	1,152,632	824,782
Total	<u>1,152,632</u>	<u>824,782</u>

FAIR WAYS FOUNDATION

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £120,853 (2016: £111,669). Contributions totalling £29,987 (2016: £12,777) were payable to the fund at the balance sheet date and are included in creditors

26. Operating lease commitments

At 31 October 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

Group	2017 £	2016 £
Land and buildings -		
Within 1 year	464,041	455,291
Between 1 and 5 years	1,456,035	1,423,535
After more than 5 years	2,666,511	2,760,261
Total	<u>4,586,587</u>	<u>4,639,087</u>
Other assets		
Within 1 year	14,224	14,224
Between 1 and 5 years	22,848	22,848
Total	<u>37,072</u>	<u>37,072</u>

At 31 October 2017 the charity had annual commitments under non-cancellable operating leases as follows:

Charity		
Land and buildings		
Within 1 year	71,250	62,500
Between 1 and 5 years	300,000	267,500
After more than 5 years	656,250	750,000
Total	<u>1,027,500</u>	<u>1,080,000</u>

27. Related party transactions

Related party transactions between group companies have not been disclosed in accordance with section 33 of FRS 102.

FAIR WAYS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

28. Principal subsidiaries

Fairways Care (UK) Limited

Subsidiary name	Fairways Care (UK) Limited
Company registration number	04460658
Basis of control	By virtue of shareholding
Equity shareholding %	100%

Total assets as at 31 October 2017	£ 2,715,686
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Total liabilities as at 31 October 2017	£ 1,540,609
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Total equity as at 31 October 2017	£ 1,175,077
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Turnover for the year ended 31 October 2017	£ 11,986,697
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Expenditure for the year ended 31 October 2017	£ 10,454,145
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Profit for the year ended 31 October 2017	£ 1,532,552
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