

Charity Registration No. 1090757

Company Registration No. 04270330 (England and Wales)

PARAYHOUSE SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

PARAYHOUSE SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees (Finance)	Mr N G G Herrtage Mr R S Peterson Ms Rosanna Saffell Mr S Hussey Ms A E Hextall	(Appointed 23 January 2018)
Secretary	Ms. S L Jackson	(Resigned 31 August 2018)
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

CONTENTS

	Page
Trustees' report	1 - 7
Statement of Trustees' responsibilities	8
Independent auditor's report	9 - 10
Statement of financial activities	11
Balance sheet	12 - 13
Statement of cash flows	14
Notes to the financial statements	15 - 26

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2018

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 2018.

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 current 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 2018

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

- During the year the school saw to maintain the high level of student entries for GCSE, Entry Level Certificates and Functional skills
- The school underwent OFSTED inspection during the year and retained its 'Good' rating.
- Pupil Premium Numbers exceeded the achievement of non-PP students, achieving the target set out at the beginning of the year.
- Pupil Premium students in Writing and Reading were within 10% (number of students who met targets) of non-Pupil Premium students.
- Ofsted cited the improvement in Pupil Premium number as evidence of effective interventions in our recent inspection.
- 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 2018

Financial review

Review of financial position

Unrestricted funds have increased by £120,042 as the charity aims to bring reserves in line with the Trustees' reserves policy.

Restricted funds have increased modestly by £1,714. The total restricted funds at the year end is £99,283, with £60,028 of this amount being made up of the fixed assets held within the charity.

The majority of the charity's assets (£929,609) are mainly represented by cash at bank and in hand and the fees for the Autumn school term being invoices before the end of the year. The liquid resources are more than sufficient to cover the charity's current liabilities (£424,338), again the majority of this being made up of the deferred income from the Autumn term school fees.

Income generation

During the year under review income mainly comprised of fees receivable in respect of the operation of the school of £916,384 (2017: £870,872) and generated funds and donations of £476,872 (2017: £468,331).

Resources expended

The total cost of operation of the school amounted to £1,296,187 (2017: £1,280,407), with the largest sum relating to staff costs of £946,639 (2017: £909,383). Governance costs amounted to £80,453 (2017: £81,630).

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 2018 have determined that based upon 2017/18 levels of expenditure, the amount of unrestricted reserves required is £661,612. Current reserves are £622,508, of which £99,283 are restricted. Unrestricted funds are below policy levels at £523,225. The Trustees aim to raise unrestricted reserves to policy levels over the next few years.

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 2018

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 11 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, dependent upon available resources.

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

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2018

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
- Loss of 'good' status with Ofsted
- Financial sustainability of landlord and adequacy of the school's premises

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
- Regular safeguarding training is delivered to all staff, issue of clear guidelines for when the school should be closed and termly 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

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 2018

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 2017/18 the school averaged 47 pupils.

Trustees (Finance)

Mr N G G Herrtage

Mr R S Peterson

Ms Rosanna Saffell

Mr S Hussey

Ms A E Hextall

(Appointed 23 January 2018)

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.

Group structure

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

PARAYHOUSE SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2018

Funds held as custodian

No funds are held as custodian.

Significant events after the year end

Headteacher

Due to the retirement of the Headteacher in July 2018, a new Headteacher was appointed and will commence on 1st September 2018.

Since then, this Headteacher left the position on 13th February 2019, being replaced for the remainder of the school year by the two previous co-deputy Headteachers.

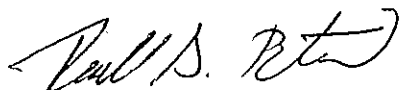
Creation of a single Board

There will be a merging of the Trustees and Governors of Parayhouse School, to create a single Board of Governance. This change was adopted by a special resolution dated 09 July 2018 and with effect from 03 August 2018.

Auditor

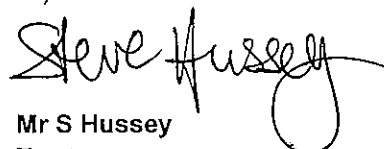
A resolution proposing that Alpha Accountants (London) Limited be reappointed as auditors of the company will be put to the members.

The Trustees report was approved by the Board of Trustees (Finance).



Mr R S Peterson
Trustee

Dated: 4 March 2019



Mr S Hussey
Trustee

Dated: 4 March 2019

PARAYHOUSE SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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 Statement Of Recommended Practice;
- make judgements and estimates that are reasonable and prudent; 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 financial statements of Parayhouse School (the 'charity') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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.

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 (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees (Finance)

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 (Finance) 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 (Finance) 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

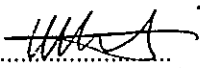
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

A further description of our responsibilities for the audit of the financial statements 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.

Haralambos Hambi (Senior Statutory Auditor)
for and on behalf of Alpha Accountants (London) Limited

Chartered Certified Accountants
and Registered Auditors


16/5/2019.

585A Fulham Road
Fulham
London
SW6 5UA

PARAYHOUSE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>					
Voluntary income	3	437,484	39,388	476,872	468,331
Charitable activities	4	916,384	-	916,384	870,872
Investments	5	985	-	985	20,334
Other income	6	24,692	-	24,692	23,151
Total income		1,379,545	39,388	1,418,933	1,382,688
<u>Expenditure on:</u>					
Raising funds	7	991	-	991	641
Charitable activities	8	1,258,512	37,675	1,296,187	1,280,407
Total resources expended		1,259,503	37,675	1,297,178	1,281,048
Net income for the year/ Net movement in funds		120,042	1,713	121,755	101,640
Fund balances at 1 September 2017		403,183	97,570	500,753	399,112
Fund balances at 31 August 2018		523,225	99,283	622,508	500,752

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 2018

		2018		2017 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		147,561		176,489
Current assets					
Stocks	15	3,701		3,988	
Debtors	16	353,291		3,461	
Cash at bank and in hand		572,617		529,344	
		<u>929,609</u>		<u>536,793</u>	
Creditors: amounts falling due within one year	17	<u>(424,338)</u>		<u>(144,760)</u>	
Net current assets			505,271		392,033
Total assets less current liabilities			652,832		568,522
Creditors: amounts falling due after more than one year	19		(30,324)		(67,770)
Net assets			<u>622,508</u>		<u>500,752</u>
Income funds					
Restricted funds	22		99,283		97,569
Unrestricted funds			523,225		403,183
			<u>622,508</u>		<u>500,752</u>

PARAYHOUSE SCHOOL

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2018

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 2018, 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 financial statements 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 financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Trustees (Finance) on 4 March 2019



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 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	25		82,984		167,171
Investing activities					
Purchase of tangible fixed assets		(5,605)		(194,886)	
Proceeds on disposal of tangible fixed assets		(47)		(2,425)	
Interest received		985		20,334	
Net cash used in investing activities			(4,667)		(176,977)
Financing activities					
Payment of obligations under finance leases		(35,044)		102,814	
Net cash (used in)/generated from financing activities			(35,044)		102,814
Net increase in cash and cash equivalents			43,273		93,008
Cash and cash equivalents at beginning of year			529,344		436,336
Cash and cash equivalents at end of year			572,617		529,344
Short term deposits included in current asset investments			-		-
Bank overdrafts included in creditors payable within one year			-		-

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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

The financial statements 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.

1.2 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 (Finance) continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 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 financial statements.

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

1.4 Incoming resources

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

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.

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.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 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.

1.6 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
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.

1.7 Impairment of fixed assets

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

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.

1.8 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.

1.9 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.

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.10 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.

1.11 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.

1.12 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 2018

1 Accounting policies

(Continued)

1.13 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 2018	Total 2017 (as restated)
	£	£	£	£
Donations and gifts	12,317	-	12,317	17,108
Grants and funding	425,167	39,388	464,555	451,223
	<u>437,484</u>	<u>39,388</u>	<u>476,872</u>	<u>468,331</u>
For the year ended 31 August 2017	<u>437,608</u>	<u>30,723</u>		<u>468,331</u>
Grants receivable for core activities				
Capital maintenance grant	-	20,903	20,903	19,070
Devolved formula capital	-	5,485	5,485	5,653
PE and sports grant	-	13,000	13,000	6,000
EFA funding	425,167	-	425,167	420,500
	<u>425,167</u>	<u>39,388</u>	<u>464,555</u>	<u>451,223</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

4 Charitable activities

	2018 £	2017 £
School fees receivable	916,384	870,872

5 Investments

	2018 £	2017 £
Interest receivable	985	20,334

6 Other income

	2018 £	2017 (as restated) £
Other income	187	154
Lunch money	22,345	19,438
Uniform income	1,295	1,731
Excursion money	865	1,828
	24,692	23,151

7 Raising funds

	2018 £	2017 £
<u>Fundraising and publicity</u>		
Other fundraising costs	991	641
	991	641
Fundraising and publicity		641

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	2018	2017 (as restated)
	£	£
Staff costs	810,226	773,860
Depreciation and impairment	28,766	21,192
Courses	26,380	24,969
Education Materials	12,821	8,278
Sport Costs	7,772	7,140
Functions and Outgoings	10,686	14,814
Other expenditure	24,293	24,335
	<u>920,944</u>	<u>874,588</u>
Share of support costs (see note 9)	294,790	324,189
Share of governance costs (see note 9)	80,453	81,630
	<u>1,296,187</u>	<u>1,280,407</u>
Analysis by fund		
Unrestricted funds	1,258,512	
Restricted funds	37,675	
	<u>1,296,187</u>	
For the year ended 31 August 2017		
Unrestricted funds		1,252,285
Restricted funds		28,122
		<u>1,280,407</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Support costs

	Support costs	Governance costs	2018	2016 (as restated)
	£	£	£	£
Staff costs	67,018	69,395	136,413	135,523
Depreciation	5,769	-	5,769	16,756
School lunches	29,541	-	29,541	27,711
School uniform costs	1,049	-	1,049	3,281
Insurance	12,202	-	12,202	11,229
Caretaking costs	1,867	-	1,867	1,080
Hire of plant and machinery	5,391	-	5,391	11,840
Motor expenses	4,297	-	4,297	2,803
Rent and rates	60,000	-	60,000	60,000
Other expenditure	107,656	-	107,656	124,385
Audit fees	-	7,230	7,230	7,408
Accountancy	-	3,828	3,828	3,803
	<u>294,790</u>	<u>80,453</u>	<u>375,243</u>	<u>405,819</u>
Analysed between Charitable activities	<u>294,790</u>	<u>80,453</u>	<u>375,243</u>	<u>405,819</u>

The Support staff costs and pensions have been apportioned based on the staff members that were not directly attributable to the performance of the charity, this was mainly staff that were not teachers in the school.

The Governance staff costs and pensions have been apportioned based on the headteacher's salary.

Governance costs includes payments to the accountants and auditors of £8,400 (2017- £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:	2018	2017 (as restated)
	£	£
Audit of the charity's annual accounts	7,230	7,408
Non-audit services		
All other non-audit services	3,348	3,803

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

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Auditor's remuneration

(Continued)

11 Trustees (Finance)

None of the Trustees (or any persons connected with them) received any remuneration during the year.

12 Employees

Number of employees

The average monthly number employees during the year was:

	2018 Number	2017 Number
	33	31
	<u>33</u>	<u>31</u>
Employment costs		
	£	£
Wages and salaries	845,975	810,365
Social security costs	81,047	78,464
Other pension costs	19,617	20,554
	<u>946,639</u>	<u>909,383</u>

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

	2018 Number	2017 Number
In the band £60,001 - £70,000	1	1
	<u>1</u>	<u>1</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2017	138,365	59,657	42,645	30,172	270,839
Additions	-	4,889	716	-	5,605
Disposals	-	(576)	(328)	-	(904)
At 31 August 2018	138,365	63,970	43,033	30,172	275,540
Depreciation and impairment					
At 1 September 2017	13,837	52,242	23,546	5,029	94,654
Depreciation charged in the year	13,837	5,841	7,467	7,040	34,185
Eliminated in respect of disposals	-	(576)	(284)	-	(860)
At 31 August 2018	27,674	57,507	30,729	12,069	127,979
Carrying amount					
At 31 August 2018	110,691	6,463	12,304	18,103	147,561
At 31 August 2017	124,528	7,719	19,099	25,143	176,489

14 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	347,123	-
Carrying amount of financial liabilities		
Measured at amortised cost	107,539	151,300

15 Stocks

	2018 £	2017 £
Finished goods and goods for resale	3,701	3,988

16 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	347,123	-
Prepayments and accrued income	6,168	3,461
	353,291	3,461

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	37,446	35,044
Deferred income	20	347,123	61,230
Trade creditors		3,301	9,238
Other creditors		24,824	24,724
Accruals		11,644	14,524
		<u>424,338</u>	<u>144,760</u>

18 Finance lease commitments

Future minimum lease payments due under finance leases:

	2018 £	2017 £
Within one year	41,631	41,631
Within two and five years	32,057	73,688
	<u>73,688</u>	<u>115,319</u>
Less: future finance charges	(5,918)	(12,505)
	<u>67,770</u>	<u>102,814</u>

19 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	18	<u>30,324</u>	<u>67,770</u>

20 Deferred income

	2018 £	2017 £
Other deferred income	<u>347,123</u>	<u>61,230</u>

21 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:

2018 £	2017 £
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PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21	Operating lease commitments	(Continued)	
	Within one year	41,631	65,055
	Between two and five years	32,057	85,476
		<u>73,688</u>	<u>150,531</u>

22 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 2017 (as restated)	Movement in funds		Balance at 31 August 2018
	£	Incoming resources	Resources expended	£
Capital maintenance grant	85,831	20,903	(23,388)	83,346
Devolved formula capital	8,337	5,485	(5,378)	8,444
PE and sports grant	3,402	13,000	(8,909)	7,493
	<u>97,570</u>	<u>39,388</u>	<u>(37,675)</u>	<u>99,283</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.

23 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 August 2018 are represented by:			
Tangible assets	87,533	60,028	147,561
Current assets/(liabilities)	466,016	39,255	505,271
Long term liabilities	(30,324)	-	(30,324)
	<u>523,225</u>	<u>99,283</u>	<u>622,508</u>

PARAYHOUSE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>192,561</u>	<u>227,431</u>

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

25 Cash generated from operations

	2018 £	2017 £
Surplus for the year	121,755	101,640
Adjustments for:		
Investment income recognised in statement of financial activities	(985)	(20,334)
Loss on disposal of tangible fixed assets	91	6,219
Depreciation and impairment of tangible fixed assets	34,490	35,523
Movements in working capital:		
Decrease/(increase) in stocks	287	(691)
(Increase)/decrease in debtors	(349,830)	4,858
(Decrease) in creditors	(8,717)	(9,214)
Increase in deferred income	285,893	49,170
Cash generated from operations	<u><u>82,984</u></u>	<u><u>167,171</u></u>

