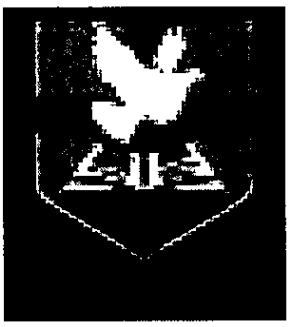
REGISTERED COMPANY NUMBER: 543113 (England and Wales)

FARNEY CLOSE SCHOOL LTD

REPORT OF THE TRUSTEES AND ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2012

(REGISTERED CHARITY NO. 307024)



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FARNEY CLOSE SCHOOL LTD
(a company limited by guarantee)

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FOR THE YEAR ENDED 31 AUGUST 2012

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FARNEY CLOSE SCHOOL LTD
(a company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
Registered Company Number
543113 (England and Wales)

Registered Charity number
307024

Registered office
Bolney Court
Crossways
Bolney
Haywards Heath
West Sussex
RH17 5RD

Trustees

S M Burt	M Gibrill	B King – appointed 3 12 11
R Bryant – resigned 4 2 12	L Collins	
M E Jones	G Ballard – resigned 4 2 12	
H Etkin	L Houston	
D Eynon	S Heritage	

Company Secretary
E Thompson

Auditors
Moore Stephens (South) LLP
9 St Johns Place
Newport
Isle of Wight
PO30 1LH

STRUCTURE, GOVERNANCE AND MANAGEMENT
Governing document
The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006

Recruitment and appointment of new trustees
The board of directors may appoint directors if a vacancy arises part way through the year

Induction and training of new trustees
Appropriate training is available to all Trustees to help develop and enhance the skills which they offer to the School Suitably qualified new Trustees are sought from the 'Members of the Association/Friends of Farney Close' on a regular basis

Organisational structure
The directors are aware of the continuing benefits to the better management of the School which arise from a Board of Directors with wide and appropriate knowledge and skills On appointment, all new Trustees are provided with a detailed induction pack providing information on both the responsibilities and liabilities of Trustees and the School's history

The directors meet formally three times a year and if required on an ad hoc basis, to review strategy and performance and to set operating plans and budgets The directors are elected by the members at the Annual General Meeting The board of directors may appoint directors if a vacancy arises part way through the year, a director appointed in this way must retire at the next Annual General Meeting but can be re-elected There are sub committees with specific responsibilities of finance, premises, education policies and health and safety, which reports to the board of directors The committees meet regularly to ensure all aspect of the School are reviewed and monitored

Risk management
The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error

THE REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2012

What are the schools aims?

The schools aim is to provide education and social development opportunities for boys and girls aged 11-18 who have a Statement of Special Educational Need for Social, Emotional and Behavioural Difficulties All pupils are referred to the school by a range of Local Authorities As part of this we aim to,

"Assist every boy and girl to become the best version of his or her own self" and "To reintegrate children into mainstream school whenever possible "

In order to meet these aims we provide a range of structured educational and social opportunities We feel that through these aims our pupils have a greater possibility to become the best version of themselves, providing them with the tools that will enable them to be successful in social and educational environments We would also expect that they would become more resilient, less marginalised and more confident

What are the objectives of the school?

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing academic and social education and on fee-charging

Our key objectives are to

- Provide a framework that offers choice and change in young people's lives
- Provide an environment that enables pupil's intellectual, emotional, physical, social and spiritual development to occur
- Promote amongst pupils a positive sense of personal wellbeing
- Provide pupils with the skills, knowledge and understanding to be more effectively socially integrated
- Provide pupils with a full entitlement to the National Curriculum and a range of examination subjects at levels that match their abilities and intellectual/cognitive capacity
- Provide pupils with a package of Care that supports and develops their emotional maturity and social needs
- Maintain the sustainability of the school through
    - Positive inspection and monitoring reports,
    - Managed, responsible fee setting,
    - High quality resources and accommodation,
    - Quality staff training,
    - Conducting quality assurance exercise and maintain appropriate data to inform planning

Our Ethos, Strategy and Policies

Anti-discrimination and Equality

Provided they have a Statement of Special Educational Need, Farney Close is open to pupils from all backgrounds, irrespective of their individual economic status, gender, ethnicity, race, religion or disability,

We are an equal opportunity organisation and are committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability We will make reasonable adjustments to meet the needs of staff or pupils who are or become disabled Since the guidance and regulation in relation to the Equality Act 2010 was issued, the school has reviewed its compliance in this area of legislation annually The latest 2012 version of this has seen significant change and is ready for issue once it has been approved by the Governors

Safeguarding
Our school is committed to safeguarding and promoting the welfare of our pupils and expects all staff to share this commitment As part of this the schools two designated Child Protection Officers undertake regular statutory training to support them in their duties All members of staff are regularly trained in the school's Child Protection Procedure, which is defined within the guidance set by the Local Safeguarding Children Board In the last integrated Ofsted Education and Social Care Inspection, the school was identified as "outstanding" in meeting its aims to safeguard the pupils in its care and in providing them with high quality education and care

To ensure compliance around the expectations in the National Minimum Care Standards, the Head and Care Manger have both completed their Safe Recruitment training This looks at how best to ensure proper safeguarding throughout out the whole process, from advertising posts, interviewing candidates, requesting references, CRB applications and finally on inducting new staff

To ensure good, safe practice in relation to pupil physical interventions where they are necessary, we have recently increased the number of Advanced Team Teach instructors This means that the quality of training for staff is maintained to a high standard and that help and guidance is always on hand

The school has a very strong anti-bullying policy and practice and has just been awarded "The Big Award" which is a national award for excellence in challenging bullying In the field of Anti –Bullying work, this is a very prestigious award and nationally the school is one of the first to be given the award Significantly within Sussex, the school is the only school to have achieved the award In line with the expectations of receiving such an award, the school continues to participate in national Anti-Bullying Week As part of this we give every pupil and opportunity to express their views and concerns about bullying through an annual quality assurance questionnaire and opportunities to discuss issues with staff at any level Pleasingly, the results of this year's questionnaire shows that 100% of the pupils felt safe at the school and all of them knew who to approach to make a complaint and where to go to gain help and guidance

Training
It is important to the development of the school to improve the skill, knowledge and understanding of its staff To this end, all RSCWs are trained to NVQ Level 3 in Children and Young People, making us fully compliant with Government guidance At the same time all of the Care team have completed a variety of Certificate Distance Learning modules from NESCOTT College in Surrey The modules studied include work on Diversity, Safeguarding, Food and Nutrition and Exercise Similarly, in order to widen their knowledge and experience, many of the care team have visited a number of other similar schools

The schools Advanced Team Teach Instructors update their regulatory training every 16 months, which enables them to provide whole school staff training on physical intervention through a yearly structured program Likewise the Head and Care Manager, who are the schools designated Child Protection Officers, also receive external training within the statutory time period every two years The Head and Care Manager then work together to provide whole school staff training on Child Protection which collectively helps to ensure the safeguarding of pupils, many of whom can be vulnerable, unpredictable and a risk to themselves or others when upset or challenged This year the Care Manager again updated her CAF (Common Assessment Framework) training, which is an assessment tool used by those people who work with vulnerable children and adults to thoroughly assess their needs and coordinate a plan

Risk Assessment
The school has taken considerable steps to identify and assess any risks that it may experience by conducting a yearly whole school risk assessment of all its provision and activities, both on and off site An independent Health and Safety officer carries out an annual whole school Health and Safety Audit, which generates an action to address anything highlighted To further support the practice, and to better understand any potential risks to the school, the Deputy Head, who is NEBOSH qualified, oversees the whole process with the designated governor for H&S, who is herself NEBOSH qualified This year PAT test on all appliances was completed in late September and early October and the newly redeveloped girls' accommodation has also been passed by the Fire Officer

Informing Parents/Carers
Parents are given regular information about their children's social and academic progress through End of Year Reports, as well as receiving interim updates on their son/daughters educational and social progress through reports for the Annual Review of the Statement of Need, and by receiving copies of IEPs and Care Plans, or reports for Looked After Children where they are in full Care or temporarily Care of the Local Authority under Section 20 of the Children's Act Where necessary, parents/carers can have more regular contact with staff and the school maintains a termly school newsletter to keep parent/carers in touch with the life of the school The school also offers parents/carers advice where possible and appropriate, and provides information to help them keep their child safe The schools new website also keeps parents and carers informed of events throughout the term and they have an opportunity to speak to a senior member of staff every evening by phone, or to a member of their child's house care staff should they wish to The school also has a well defined, easy to follow Worries and Complaints procedure with clear guidance on how and to whom parents or carers can contact to share their concerns

Recently, we have opened a contract with Contact Group, which is an organisation that allows us to send important, emergency text messages to parents and carers, for example when we might have to close early due to adverse weather condition, or to inform them when the school will reopen after such an event This information is also reinforced through the school's "Noticeboard" on the new website

Quality Assurance
The school conducts a range of important quality assurance checks throughout the year in order to identify areas of strength or deficiency, and to use this information to plan and make changes where necessary This includes gathering data and information on the academic attainment and progress all pupils in order to set targets and measure improvement and progress over time on an individual basis, or by gender, or age, or ethnicity, or status where they might be Looked After by the Local Authority

We also gather information on the profile of pupils entering the school, which enables us to identify any changes that may be needed and to put new support mechanisms in place This information also helps to inform inspectors on the makeup of the school and allows us to track other "value added improvements" Examples of this might include a decrease in behaviour controlling medication, a decrease in pupils' involvement with the Youth Justice system, or a decline in the support of other support agencies, such as Social Services or Children's Adolescent Mental Health because of the effectiveness of provision whilst the pupil is with us

The school also has a Forum, which is made up of boys and girls from every age range across the school This allows us to "listen to the voice of the child" and to provide them with an opportunity to make a positive contribution to the school community

In addition to the above, the school annually conducts quality assurance questionnaires with its pupils on bullying and on their views about the overall quality of provision of education, care and staff support they receive Similarly, the school also gathers the views of parent/carers through a yearly questionnaire and, where they do not respond, actively pursues their views by asking them to complete a telephone questionnaire in order to gain the maximum amount of information

Since the onset of the Care Standards Act, the school Governors have been obliged to appoint Independent Visitors who visit the school on their behalf and to report back to them on the standard of care and safeguarding This takes place regularly about every eight weeks and there is a long history of high standards that serves to underline our many outstanding Ofsted Care inspections report

Financial Management and Fees Setting
The school employs the services of an independent auditing company to oversee the efficient and effective running of its financial business The Directors of the Charity meet regularly to ensure that all safeguards and checks are in place to prevent any risks to the company and to ensure that it complies with the Charities Act and guidance An Annual General Meeting is held with the Members of the Association of the school to hear reports, periodically elect Trustees, and to agree and accept the accounts

In carrying out Trustee's business, the charity has taken due regard to the published guidance on Public Benefit issued by the Charity Commission

In relation to the setting of school fees, the school works hard to offer value for money for referring Local Authorities whilst maintaining an appropriately balanced provision for the pupils in its care In order to achieve this school works with its designated link authority, takes the advice of a variety stakeholders and advisory groups, and looks at its financial commitments before setting any fees

Over the last 3 years the school has not made any increase in fees in recognition of the government cuts to Local Authorities It also recognises that increases to fees during such circumstances may have a negative effect on referrals However there is only a certain amount of time that this can feasible be maintained and to so, still in recognition of the difficult financial circumstance endured by Local Authorities, a decision was taken by the Governors and Directors to increase fees from £55,864 to £59,898 for only new pupils coming into the school from September In this way, within two years or so, the vast majority of the school population will be on the higher fee but in the meantime the effect on immediate financial pressure on Local Authorities would be considerably reduced by not having to pay for exiting pupils they might already have on roll The situation appears to have been well received by Local Authorities, with none of them making any negative response to the change Overall the fee increase allows us to some extent recoup the money lost through fees being frozen for the last three years, but at the same time it remains at a level that maintains our competitive advantage over many other independent and non-maintained schools, who still have higher fees despite the increase we have made

The difficult financial situation has inevitably had an impact on referrals and so with a drop in numbers on role to around 53 last year, the budget for 2012-13 has been set on 54 pupils The decline in numbers has naturally had an impact on staffing levels, which have been allowed to decrease to level that matches pupil numbers through natural wastage rather than workforce reform

As one would expect, every effort is being made to maintain the high profile of the school to Local Authorities so that we are a first consideration to them whenever they looking to place a pupil in a residential provision This has been achieved through a well-designed website, a new school prospectus which has been sent out to a range of Local Authority officers, targeted email shots to Case Workers, Educational Psychologist and Finance Directors, who are becoming more involved in the out of county procurement process However despite this, one of the main obstacles to this campaign is the impact of cuts on Local Authorities own staffing levels, which has had the effect of identifying decision makers in the process more difficult because of the regular turnover of staff, and a loss of historical knowledge of working effectively with the school though years of contact because a particular Educational Psychologist or Case Worker has left or been made redundant

In order to extend the schools provision to support the more vulnerable pupils who are of school leaving age, and in an effort to provide greater opportunities to maintain pupil numbers, this year we were successful in our application to the Department for Education to extend the school age range to 18 This has allowed us to create a sixth form, which at the moment is being very successful With this opportunity in mind, we have made the parents of the current Year 11 pupils aware of the facility, and written lengthy, detailed reports to Local Authorities on a range of pupils who we feel would benefit from an extra year, and discussed the benefits of the provision at the annual statutory reviews of all Year 10 and 11 pupils

Academic Attainments
This summer's exam results were again very good, seeing a large number of pupils who between them have taken over 100 examinations at either GCSE or Entry Level Looking at the results more closely, 100% of pupils achieved 2 GCSE's at A-G grades and within these 36% of pupils achieved 5 A-G grades, which is very good Overall the average number of exams taken was 10 per pupil, with 6 out of the 11 pupils taking 11 exams This is a tremendous achievement, particularly when many of the pupils have been seen by people working with them in other schools and organisations as "no-hopers" and incapable of any examination success before coming to Farney Close These results and the range of opportunities available really show that we are meeting the needs of the pupils It is a testament to our school, our resources, our staff, our planning and delivery, our environment and our culture and ethos

Supporting Pupils Learning and Emotions.
In order to support the development of basic skills and to help address some of their cognitive and /or learning difficulties, the school employs a Speech & Language therapist and a Dyslexia specialist Teachers and classroom assistants also receive training and direction from the specialist and therapist, and they actively leading some lessons where groups of pupils have similar problems The outcome of this is that pupils' basic skills are improved and they are more able to successfully access the curriculum and achieve better examination results Where additional assessments of cognitive and learning difficulties are required, the school asks one of its therapeutic Counsellors, who is a chartered educational psychologist, to complete the work

Pupil's social and emotional needs are supported on a daily basis by the experienced staff within the school Alongside this, the school provides further emotional, therapeutic support for pupils' by employing two Counsellors who work one day a week respectively The school also employs an Art Therapist one day a week, and a Music Therapist

Site Development
This year has seen a noteworthy increase in the number of major building projects on site As well as completing work on the Cedar House for the new sixth form students, and renovating a staff flat because of its poor state of repair, we have also completely redesigned the two senior girls' houses This has been a significant piece of work, changing each of the old, large 4 bedded rooms into 3 single rooms, making them more personal, modern and far more in line with the national minimum care standards expected by Ofsted This year has also seen the start of work on the Vocational skills building, the large concrete base being laid and utility service access being set out The intention at the moment is to identify the cost to get the building to a first phase, water tight fix and from there to see if we are able to at least open part of the building for pupil use by the beginning of the next academic year, September 2013 In addition to this work we have also identified the need to complete major renovations to Colebrooke building and we are currently working with an architect to look at plans and costs

Inspection Outcomes
The school is regularly inspected by either Ofsted Education or Ofsted Social Care, or together through an Integrated Inspection on a yearly basis Very pleasingly since 2006, it has been judged to be an "Outstanding provision on nine successive occasions This series of unique inspection outcomes, together with a fee which is set well within the mid range of fees charged by other similar schools has a positive impact on attracting referring Local Authorities to the school and it has helped to maintain sustainability

Quality Assurance Outcomes
The school gathers a wide range of quality assurance data to see how pupils and parents feel about their experience in relation to the provision we offer For the pupils, we ask their views on bullying and try to find out how safe they feel whilst at school, and about their educational and social development experiences We also ask them about how satisfied they feel about the level of support and guidance they receive from the staff Having completed this exercise by the end of November, it is pleasing again to see that pupil satisfaction scores are as high as they been over the last few years

Looking at parents, we ask them about how they think their child views life at the school, and try to find out if they feel their child's needs are being met We also ask them to comment on the effectiveness of our communication and on our ability to support them as parents, and to find out if they feel their child is making good academic and social progress Pleasingly and very importantly, it was good to see again this year that the level of parental satisfaction mirrored that of the pupils, with many, many parents praising the schools ability to meet their children's overall needs, and thanking the staff for their ability to provide positive experiences and good guidance

Community Service
In order to help pupils gain a wider understanding of the needs of others, and to help them to find other opportunities to develop person empathy, self-awareness, and to make a positive contribution to the local community, a number of pupils from the school have worked with physically disadvantaged children in a local special school for pupils with profound and multiple learning difficulties In a similar vein, pupils also participate in annual charity fund raising events, such as Children in Need and Red Nose day

What are the schools future plans?
Over the next year the school aims to

- Continue to provide a high quality education and care provision for its pupils
- To identify how the school might respond if there is a decline in numbers due to Local Authority finance cuts
- To continue to provide good value for money to referring Local Authorities in order to promote the school as an attractive proposition for them to refer pupils
- To assess the current financial climate and decide when and to what level we should complete the new vocational facility to support pupils' access to the 14-19 curriculum on site
- To make the school ready for any future inspections, e g Ofsted inspections in relation to Education and Care, Health and Safety, Environmental Health, Fire etc
- To maintain and update the schools Ofsted Self Evaluation form in readiness for inspection
- To look at how the school can best respond to the developing national agenda for special education

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the trustees to prepare accounts for each financial year Under that law the trustees have elected to prepare the accounts in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

The accounts are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period In preparing those accounts, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware Additionally, the trustees have taken all necessary steps that they ought to have taken in order to make themselves aware of all relevant audit information, and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Moore Stephens (South) LLP, will be proposed for re-appointment in accordance with Section 487 of the Companies Act 2006

ON BEHALF OF THE BOARD:

E Thompson
Secretary

Dated 9 February 2013

FARNEY CLOSE SCHOOL LIMITED
(a company limited by guarantee)

Independent Auditor's Report to the members of Farney Close School Ltd

We have audited the financial statements of Farney Close School Limited for the year ended 31 August 2012, which are set out on pages 11 to 23 The financial reporting framework that has been applied in their preparation is applicable law and the UK Accountancy Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

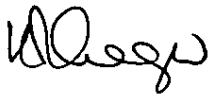
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditor's Report to the members of Farney Close School Ltd (cont..)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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 trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime [and take advantage of the small companies exemption in preparing the Trustees' Annual Report]



K R Cooper BA ACA DCha
Senior Statutory Auditor
For and on behalf of Moore Stephens (South) LLP
Chartered Accountants
Statutory Auditor

Date 26 February 2013

9 St Johns Place
Newport
Isle of Wight
PO30 1LH

FARNEY CLOSE SCHOOL LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	Unrestricted Funds General £	Unrestricted Funds Designated £	Restricted Funds £	31/8/2012 Total Funds £	31/8/2011 Total Funds £
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income – donations		855	-	33	888	123
Repayment of grant income received						(100,000)
Activities for generating funds	2	4,353	-	1,673	6,026	6,314
Investment income	3	58,621	-	-	58,621	38,568
Incoming resources from charitable activities						
School Fees		3,090,809	-	-	3,090,809	3,387,276
Other incoming resources		146	-	-	146	865
Total Incoming Resources		3,154,784	-	1,706	3,156,490	3,333,146
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income – fundraising	8	-	-	189	189	54
Costs of charitable activities	6	2,913,789	-	1,186	2,914,975	2,911,494
Governance costs	8	24,353	-	-	24,353	24,806
Total Resources Expended		2,938,142	-	1,375	2,939,517	2,936,354
NET INCOMING RESOURCES BEFORE TRANSFERS		216,642	-	331	216,973	396,792
Transfer of funds		356,988	(356,988)	-	-	-
Net movement of funds in the year		573,630	(356,988)	331	216,973	396,792
RECONCILIATION OF FUNDS						
Total funds brought forward		2,826,813	1,500,000	10,957	4,337,770	3,940,978
TOTAL FUNDS CARRIED FORWARD		3,400,443	1,143,012	11,288	4,554,743	4,337,770

All incoming resources and resources expended arise from continuing activities

There are no recognised gains or losses, other than those passing through the Statement of Financial Activities

The notes form part of these financial statements

FARNEY CLOSE SCHOOL LTD
(a company limited by guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	31/08/2012 Total Funds £	31/08/2011 Total Funds £
FIXED ASSETS			
Tangible assets	9	429,506	183,536
CURRENT ASSETS			
Debtors amounts falling due within one year	10	198,891	201,420
Higher rate deposits		3,482,294	3,467,906
Cash at bank in hand		1,536,551	1,550,218
		5,217,736	5,219,544
CREDITORS			
Amounts falling due within one year	11	(1,092,499)	(1,065,310)
NET CURRENT ASSETS		4,125,237	4,154,234
TOTAL ASSETS LESS CURRENT LIABILITIES		4,554,743	4,337,770
NET ASSETS		4,554,743	4,337,770
FUNDS	12		
Unrestricted funds			
General		3,400,443	2,826,813
Designated – vocational building		1,143,012	1,500,000
		4,543,455	4,326,813
Restricted Funds		11,288	10,957
TOTAL FUNDS		4,554,743	4,337,770

These accounts have been prepared in accordance with the provisions of the Companies Act 2006

The financial statements were approved by the Board of Trustees on 9 February 2013 and were signed on its behalf by

S M Burt – Trustee

M Gibrill – Trustee

The notes form part of these financial statements

FARNEY CLOSE SCHOOL LTD
(a company limited by guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2012

	Note	31/08/2012 £	31/08/2011 £
NET CASH INFLOW FROM OPERERATIONS	13	300,407	507,813
RETURNS OF INVESTMENT AND SERVICING OF FINANCE			
Investment income receipts		58,621	38,568
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payment for tangible fixed assets		(358,307)	(54,955)
NET CASH INFLOW		721	491,426

FARNEY CLOSE SCHOOL LTD
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2012

1 ACCOUNTING POLICIES

Basis of preparing the accounts
The accounts are prepared under the historical cost convention with the exception of investments which are included at market value The accounts include the results of the activities described in the trustees' report all of which are continuing The accounts have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities" published in 2005 and applicable accounting standards

Accounting convention
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities

Incoming resources
All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

For legacies, entitlement is the earlier of the charity being notified of any impending distribution or the legacy being received

Gifts donated for resale are included as income when they are sold Donated facilities are included at the value to the charity where this can be quantified No amounts are included in the accounts for services donated by volunteers

Resources expended
Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities Support costs are those costs incurred directly in support of expenditure on the objects of the charity Governance costs are those incurred in connection with governance requirements

Allocation and apportionment of costs
Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold Property	- 5% per annum
Kitchen and laundry	-20% on cost
Furniture and equipment	-20% on cost
Garden equipment	-20% on cost
Motor vehicles	-20% on cost

Taxation
The charity is exempt from corporation tax on its charitable activities

Fund accounting
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees

Restricted funds can only be used for particular restricted purposes within the objects of the charity Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

1 ACCOUNTING POLICIES - continued

Pensions

The charitable company operates a defined contribution pension scheme Contributions payable for the year are charged in the Statement of Financial Activities

The charity contributes to the Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator

2 ACTIVITIES FOR GENERATING FUNDS

	31/08/2012 £	31/08/2011 £
Disbursement income	142	134
Board and lodging	4,211	5,387
Fundraising events	1,673	793
	6,026	6,314

3 INVESTMENT INCOME

	31/08/2012 £	31/08/2011 £
Interest	58,621	38,568

4 NET INCOME/(OUTGOING) RESOURCES

	31/08/2012 £	31/08/2011 £
Net resources are stated after charging/(crediting)		
Auditors' remuneration	12,978	10,990
Auditors' remuneration for non-audit work	7,314	12,332
Depreciation – own assets	112,337	118,658
Surplus on disposal of fixed assets	(100)	(1,712)

5 TRUSTEES' REMUNERATION AND BENEFITS

	31/08/2012 £	31/08/2011 £
The following directors received payment from the general fund		
M Gibril	11,215	13,825
H Etkin	9,000	9,000

(Charity Commission permission has been granted for these payments)

Trustees' Expenses

During the year Trustees claimed £4,061 (2011 £1,494) of expenses which relate to travel costs

6 CHARITABLE ACTIVITIES COSTS

		31/08/2012 £	31/08/2011 £
Direct charitable costs	see note 8	2,766,055	2,663,740
Support costs	see note 8	148,920	247,754
		2,914,975	2,911,494

7 STAFF COSTS

	31/08/2012 £	31/08/2011 £
Wages	1,886,529	1,881,831
Social security costs	152,828	154,538
Other pension costs	86,239	86,572
	2,125,596	2,122,941

The average monthly number of employees during the year was as follows

	31/08/2012	31/08/2011
School	55	55
Establishment	13	13
Administration	3	4
	71	72

The numbers of staff earning above £60,000 are analysed below

	Number
£80,000 - £90,000	1
£100,000 - £110,000	1

Of the two staff above both had pension accruing under defined benefit schemes (2011 2)

NOTES TO THE ACCOUNTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

8 EXPENDITURE

	Charitable	Governance	Fund Raising	Total 31/08/2012	Total 31/08/2011
	£	£	£	£	£
ESTABLISHMENT					
Salaries	267,844	-	-	267,844	267,345
Catering	80,302	-	-	80,302	81,537
Cleaning	12,943	-	-	12,943	12,817
Laundry	3,662	-	-	3,662	1,689
Repairs to premises	36,105	-	-	36,105	55,802
Special projects	163,506	-	-	163,506	54,512
Equipment	16,291	-	-	16,291	16,337
Household costs	3,526	-	-	3,526	8,560
Rates and water	20,918	-	-	20,918	20,744
Insurance	63,170	-	-	63,170	62,308
Fuel, heat and light	88,050	-	-	88,050	85,036
Garden and grounds	8,519	-	-	8,519	7,476
Depreciation	112,337	-	-	112,337	118,658
Sale of assets	(100)	-	-	(100)	(1,712)
	877,073	-	-	877,073	791,109
SCHOOL					
Salaries	1,681,599	-	-	1,681,599	1,678,302
Pension	6,297	-	-	6,297	6,649
Consultants	130,331	-	-	130,331	112,859
Staff training	8,776	-	-	8,776	13,940
Education	31,627	-	-	31,627	35,922
Childcare	19,851	-	-	19,851	15,010
Disbursements	10,501	-	-	-	9,949
	1,888,982	-	-	1,888,982	1,872,631
SUPPORT COSTS					
Salaries	89,914	-	-	89,914	170,645
Staff training	820	-	-	820	1,740
Recruitment	891	-	-	891	1,680
Audit fee	-	12,978	-	12,978	10,990
Financial Adviser	-	7,314	-	7,314	12,322
Telephone	9,533	-	-	9,533	11,652
Postage	2,866	-	-	2,866	3,565
Motor expenses	21,628	-	-	21,628	28,369
Printing and stationery	14,840	-	-	14,840	11,977
Payroll	2,751	-	-	2,751	2,695
Council meetings	-	4,061	-	4,061	1,494
Professional fees	5,676	-	-	5,676	5,802
Bank charges	1,326	-	-	1,326	1,597
Sundry	(1,325)	-	-	(1,325)	8,032
Fundraising costs	-	-	189	189	-
	148,920	24,353	189	173,462	272,560
TOTAL EXPENSES	2,914,975	24,353	189	2,939,517	2,936,300

9

	Freehold Property £	Kitchen & laundry £	Furniture & equipment £
COST			
At 1 September 2011	1,940,387	105,039	240,407
Additions	356,988	1,319	-
Disposals	-	-	-
At 31 August 2012	2,297,375	106,358	240,407
DEPRECIATION			
At 1 September 2011	1,802,766	100,054	227,470
Charge for year	97,019	3,490	3,822
Eliminated on disposal	-	-	-
At 31 August 2012	1,899,785	103,544	231,292
NET BOOK VALUE			
At 31 August 2012	397,590	2,814	9,115
At 31 August 2011	137,621	4,985	12,937

	Garden equipment £	Motor vehicles £	Totals £
COST			
At 1 September 2011	40,244	76,206	2,402,283
Additions	-	-	358,307
Disposals	(1,175)	-	(1,175)
At 31 August 2012	39,069	76,206	2,759,415
DEPRECIATION			
At 1 September 2011	26,519	61,938	2,218,747
Charge for year	3,989	4,017	112,337
Eliminated on disposal	(1,175)	-	(1,175)
At 31 August 2012	29,333	65,955	2,329,909
NET BOOK VALUE			
At 31 August 2012	9,736	10,251	429,506
At 31 August 2011	13,725	14,268	183,536

The directors consider the market value of the property to be in excess of the cost A valuation has not been undertaken to quantify the excess

Included in freehold property are assets in the course of construction costing £356,988 (2011 £nil)

10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/08/2012 £	31/08/2011 £
Fees receivable	191,590	189,150
Prepayments	7,301	12,270
	198,891	201,420

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/08/2012 £	31/08/2011 £
Social security and other taxes	9,391	12,090
Fees in advance	901,878	996,223
Accrued expenses	181,230	56,997
	1,092,499	1,065,310

12 MOVEMENT IN FUNDS

	At 1/09/2011 £	Incoming resources £	Resources expended £	Transfers £	At 31/08/2012 £
Unrestricted funds					
General fund	2,826,813	3,154,784	(2,938,142)	356,988	3,400,443
Designated fund					
- Vocational Building	1,500,000	-	-	(356,988)	1,143,012
	4,326,813	3,154,784	(2,938,142)	-	4,543,455
Restricted funds					
Vocational Building	1,030	-	-	-	1,030
Education and Childcare	575	-	-	-	575
Equipment donations	9,352	1,706	(1,375)	-	9,683
	10,957	1,706	(1,375)	-	11,288
TOTAL FUNDS	4,337,770	3,156,490	(2,939,517)	-	4,554,743

13 RECONCILIATION OF INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATIONS

	£	31/08/2012 £	£	31/08/2011 £
Net incoming resources		216,973		396,792
FA disposals - non-operating cash flows eliminated		100		9,670
Investment income		(58,621)		(38,568)
Loss/(profit) on disposal		(100)		(1,712)
Depreciation charges added back		112,337		118,658
(Increase)/decrease in debtors		2,529		66,531
Increase/(decrease) in creditors	121,534		32,140	
Movement in fees in advance	(94,345)	27,189	(75,698)	(43,558)
Net cash inflow from operations		300,407		507,813
		======		======

14 ANALYSIS OF CHANGES IN NET CASH RESOURCES OF THE CHARITY

	Cash £
Balance at 1 September 2011	4,526,698
Net cash inflow for 2011/12	491,426
Balance at 31 August 2011	5,018,124
Net cash inflow for the year	721
Balance 31 August 2012	5,018,845
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NOTES TO THE ACCOUNTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2012

15 **ANALYSIS OF ASSETS BETWEEN FUNDS**

	Unrestricted Funds £	Designated £	Restricted Funds £	Total £
Tangible fixed assets	429,506	-	-	429,506
Current assets	4,063,436	1,143,012	11,288	5,217,736
Current liabilities	(1,092,499)	-	-	(1,092,499)
	3,400,443	1,143,012	11,288	4,554,743

16 **CONTROL RELATIONSHIP**

The Charity is controlled by the Board of Trustees

17 **PENSIONS**

THE TEACHERS' PENSION SCHEME (ENGLAND AND WALES) – FINANCIAL NOTE

INTRODUCTION

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

THE TEACHERS' PENSION BUDGETING AND VALUATION ACCOUNT

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay- as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3 5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions The assumed real rate of return is 3 5% in excess of prices and 2% in excess of earnings The rate of real earnings growth is assumed to be 1 5% The assumed gross rate of return is 6 5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19 75%, and the supplementary contribution rate was assessed to be 0 75% (to balance assets and liabilities as required by the regulations within 15 years) This resulted in a total contribution rate of 20 5%, which translated into an employee contribution rate of 6 4% and employer contribution rate of 14 1% payable The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6 4% and 8 8%, depending on a member's Full Time Equivalent salary Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi- employer pension scheme The academy is unable to identify its share of the underlying assets and liabilities of the scheme Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates