

Charity Registration No. 299714

Company Registration No. 02274600 (England and Wales)

SANDS SCHOOL
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018



SANDS SCHOOL

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SANDS SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Miss A McCarthy-Sommerville Mr E Cohen Mrs F Daly Mr F A Parffrey	(Appointed 17 March 2019)
School administrator	Mr S Bellamy	
Charity number	299714	
Company number	02274600	
Principal address	Greylands 48 East Street Ashburton Devon TQ13 7AX	
Registered office	30 Fore Street Totnes Devon TQ9 5RP	
Independent examiner	Darnells Chartered Accountants 30 Fore Street Totnes Devon TQ9 5RP	
Bankers	Lloyds Bank 31 Fore Street Totnes Devon TQ9 5HH	

SANDS SCHOOL

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

The Trustees present their report and financial statements for the year ended 31 July 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 & Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice for charities applying FRS102.

Objectives and activities

The overall objectives and principal activities of the Charity are to promote and provide for the advancement of education of children through the governance of Sands School in the County of Devon.

Sands School is a day school which principally provides education in Ashburton to children from the ages of 11 to 17. Sands is a Democratic School by which we mean a place in which children and staff have the opportunity to be active, voting members, deciding and/or ratifying decisions made by the School meeting and/or other delegated sub-groups. Our intention is thus to help them become contributing members of the wider society, comfortable with their rights and responsibilities.

Our aims for the children's academic development within the School are based on the individual child. We aim to allow the curriculum to be a tool used by the pupil and teacher to make learning rewarding and a good preparation for life beyond school. We offer students the chance to develop an approach to learning that is personalised and encourages critical thinking and creativity. The teaching offers a medium for the development of open-minded and emotionally intelligent children.

Philosophy:

At the heart of our model is the idea that students should help design their place of learning and remain actively involved in the making of its rules and contributing to its philosophy; that students and teachers should be equal partners in the running of the School and that students should map their own route through their school careers with guidance from the adults. The result is a place where play is still important even to 16 year olds, where talking and recreation are valued and students tend to be relaxed, happy and involved in class because they have made a conscious decision to attend.

The average number of pupils in the school for the year was 62 (2017: 59).

Objectives and Strategies for the Year:

We do not have specific objectives in particular years other than to maintain pupil numbers at a level which secures the School's continued viability. Within this objective we endeavour to keep the School as affordable as possible through keeping the fees low, offering means-tested bursaries and securing charitable funding for eligible students.

Every year we promote the advancement of learning through principles of democratic education as the opportunities arise. This includes attending educational events and hosting visitors interested in finding out about democratic education.

SANDS SCHOOL

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 JULY 2018

Public Benefit:

Trustees and management are aware of the on-going development regarding public benefit and charitable status of Charities and Independent Schools and the Trustees have had due regard to guidance published by the Charity Commission on public benefit.

The School's principle public benefit is in its function of developing the incorporation of democratic principles in education. The School hosts visits from teachers and school groups from across the world to learn about how students can be actively engaged in all aspects of the provision of their education and see the positive impact that this engagement has across school life.

It is one of the principles of the School that as far as possible access to an education at Sands should not be restricted by the ability to pay. This is achieved through a redistributive bursary system, support in accessing funding from other charitable sources and through the very generous willingness of the staff to offer their services for remuneration well below the normal market rates. As a result the school fees are kept relatively low at £10,395 per year compared with the average day school rate of £13,854 (calculated by the Independent Schools Council).

During this year one third of the students received bursaries, mostly equivalent to either one quarter or one third of full fees. Although this is the norm, the School can and does offer assistance above this level. Altogether about thirteen per cent of students have their fees met in full by the School, other charitable trusts funding organised by the School or by funding from the Local Educational Authority. Bursaries given by the School totalled £65,254, a figure equivalent to 10.1 per cent of the total fees due.

The School is very keen and open to being a part of our local community. As a very small and modestly resourced school we have little by way of facilities that are not available at our neighbouring state schools. The main community use of the facilities is therefore by voluntary groups such as the Girl Guides and Young Dartington, who use the buildings and grounds outside of school hours.

Achievements and performance

Operational performance

The objectives of the charity are to provide a democratic education to the pupils at Sands School and to promote the benefits of democratic education.

The School does not believe that aggregate exam results or other outcome statistics are a meaningful measure of its performance. Being a small and genuinely inclusive School, pupils outcomes can only be understood at an individual level.

The School hosted a large number of visitors interested in democratic education.

SANDS SCHOOL

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

Financial review

Results for the Year:

Total unrestricted net school fees and associated income for the year amounted to £509,636 (2017: £490,800). There was a surplus on ordinary continuing activities for the year of £26,522 (2017: deficit of £16,081).

Pupil recruitment has been significantly stronger than in previous years and two of the year groups at the lower end of the School are full. Provided this continues into the cohort starting in September 2019 the roll, and hence fee income, looks strong for the next few years. Against this there is a great deal of uncertainty about the future strength of the economy as Brexit staggers on without conclusion.

The principal funding sources of the charity are the parents who send their children to the School.

At 31 July 2018 total funds amounted to £518,841 (2017: £492,319) with restricted funds of £14,023 (2017: £nil).

Property

The Directors consider that the market value of the land and buildings exceeds the carrying value included in the financial statements by at least £200,000.

Reserves Policy:

The Charities SORP defines reserves as that part of a charity's funds that is freely available to spend. The Charities SORP also specifically allows funds held as tangible fixed assets for charity use to be excluded from reserves. This recognises that certain assets, like our buildings and equipment and mini-buses are used operationally and their disposal would adversely impact on the School's ability to deliver its aims.

For the purposes of this policy reserves are defined as net financial assets, that is, cash deposits less restricted funds, loans and creditors (net of debtors). Historically this figure has been negative and so there has not been any need to specify a level beyond which reserves would have been in excess of requirements. Since 2006-07 net financial assets have had a positive balance. At the end of this financial year the balance was £211,717 up from £199,868 in the previous year.

The Trustees have agreed that in future the level of reserves held shall be limited to the amount required to meet all of the conditions set out below with any reserves in excess of this being applied for the charitable purposes of the School:

1. Cash flow requirement: after allowing for creditors falling due within one year the School should aim to maintain free cash reserves of between £30,000 and £40,000. Of this up to £10,000 should be held for day-to-day operational needs with the remainder being held on short term deposit. Free cash reserves in excess of this should be used to reduce long term borrowings.

2. Uncertainties: based on past experience the School roll can fall significantly as a result of poor economic conditions and the School needs to be able to survive on a reduced roll for a period of three years without needing to borrow money or cutting costs to a point where the quality of education offered would be significantly diminished. Based on the current operational budget, a fall in roll down to 50 would result in a £90,000 annual loss. However, it is expected that some additional cost reduction would be put in place so a total of £225,000 would be sufficient to cover losses for three years.

3. Strategic requirement: the School may decide in future to undertake developments which would require significant investment. In this case the Trustees would aim to accumulate additional reserves set aside for these developments.

SANDS SCHOOL

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

Review of the School's reserves position at 31 July 2018:

Cash flow:

The School has sufficient funds to meet its cash flow requirements for the coming year. Free cash and bank funds stood at £202,580 with creditors falling due within one year of £103,263. The Trustees would like to repay the outstanding £39,706 bank loan but the penalty charges make this prohibitively expensive. Until such time as it is possible to repay this loan on reasonable terms, funds not required for cash flow are being placed on term deposit.

Uncertainties:

The new year started with 62 students on roll and this level is expected to increase to an average of 67 over the year. This roll was lower than in recent years and at the current level of fees and wages this roll is not high enough to cover the current staffing levels. This situation has been reviewed during the year with the strategy being to bring down the break-even roll towards the mid-sixties by maintaining a positive differential between fee and wage increases and considering managing down staffing levels to match the lower roll.

Strategic requirements:

Ideally the School will need to find significant funds for capital investment over the coming years but in the short-term the priority will be to minimise any losses incurred due to the lower roll, other than investment that has a direct impact on recruitment.

Policy for 2018-19:

The Governors have agreed a budget for 2018-19 with a projected surplus of £20,000 to £40,000.

Investment policy:

The Trustees' policy is to invest surplus cash whenever possible on short term deposit. The Trustees are satisfied that the return is commensurate with the objective of minimising risk.

Risk Management:

The School has considered the principal risks to which it is subject and has taken adequate steps to mitigate those risks. These include an annual review of the financial risks the School may face and the implementation of satisfactory procedures to ensure that the School offers a safe and constructive environment for children. Key controls include regular risk assessment checks of all areas and regularly reviewed policies, which are available to parents, Ofsted and other interested parties.

The Governors are always conscious of the need for the School to operate within its available financial resources and to have adequate working capital.

Plans for future periods

We do not have specific objectives in particular years other than to maintain pupil numbers at a level which secures the School's continued viability. Within this objective we endeavour to keep the School as affordable as possible through keeping the fees low, offering means-tested bursaries and securing charitable funding for eligible students.

Every year we promote the advancement of learning through principles of democratic education as the opportunities arise. This includes attending educational events and hosting visitors interested in finding out about democratic education.

There are currently no plans for significant changes or investments.

SANDS SCHOOL

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

Structure, governance and management

Sands School is a company limited by guarantee governed by its Memorandum and Articles of Association, and was incorporated on 6 July 1988. It is registered as a charity with the Charity Commission. The liability of the Members is limited. In the event of the Company being wound up every Member of the Company undertakes to contribute such amount as may be required (not exceeding £1) to the Company's assets.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Miss A McCarthy-Sommerville

Mr E Cohen

Miss J Gribble

(Resigned 11 November 2018)

Mrs F Daly

Mr F A Parffrey

(Appointed 17 March 2019)

Appointment of Trustees:

Under the Articles of Association subscribers to the Memorandum of Association and such other persons as the Board of Directors shall admit to membership shall be the Members of the Company. The number of Members shall not exceed 50. In the event of the retirement of a Trustee all Members are invited to nominate candidates.

The members of the Board of Trustees should be appointed by the Company in general meeting. The Board has the power to fill a casual vacancy at any time.

Organisation:

The Board of Trustees (who are also the directors) delegate the management of the affairs of the School to a Board of Governors. The Board of Governors are accountable to the Trustees and are required to operate within the budget and conditions agreed by the Trustees. The power of appointing Governors remains with the Trustees.

In accordance with the Conduct of the School as laid out in its Instrument of Government, School management is effected by discussion and consensus and due regard is taken by the Governors of the views and wishes of the staff and pupils on all matters relating to the management, conduct and underlying philosophy of the School and behaviour in the School. Financial matters and decision making is dealt with separately from the students.

The Governors meet once a term (or more often if necessary) and receive reports from the Administrator, the Bursar and the Student Governors. At these meetings Governors officially confirm staff appointments and approve bursary policy and term budgets, but most of the time is usually taken up with comment and advice. The Governors generally support and advise the Administrator and the School Meeting. The day to day management of the School is the responsibility of the Administrator, Sean Bellamy and the Bursar, Peta Cox.

Trustee Induction and Training:

New Trustees are already familiar with the practical work of the Charity as they are normally recruited from the governing body of Sands School. They are inducted during the course of a normal business meeting by democratic vote. New Trustees are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the decision making processes, the recent financial performance of the Company and current practice in pursuance of the objects of the Company. Documents made available to them are the Sands School Memorandum and Articles of Association, the Charity Commission's "Welcome" document, the Charity Commission's "CC3 Responsibilities of Charity Trustees" and a Companies House booklet concerned with directors' responsibilities as they relate to Companies House.

The Board remain conscious of the on-going need to make available training (formal or informal) as and when required.

SANDS SCHOOL

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

Related Parties:

Sands School is a member of the International Democratic Education Network and co-founder of the European Democratic Education Network.

The Trustees' report was approved by the Board of Trustees.



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Mrs F Daly

Trustee

Dated: 24/4/2019

SANDS SCHOOL

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF SANDS SCHOOL

I report on the financial statements of the charity for the year ended 31 July 2018, which are set out on pages 8 to 23.

Respective responsibilities of Trustees and examiner

The Trustees, who are also the directors of Sands School for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Association of Chartered Certified Accountants.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- (i) examine the financial statements under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act as amended; and
- (iii) to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - (ii) to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Lisa Dickinson ACA FCCA
Darnells Chartered Accountants
30 Fore Street
Totnes
Devon
TQ9 5RP

Dated:

25/4/19

SANDS SCHOOL

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

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>					
Voluntary income	2	2,000	20,365	22,365	3,919
Incoming resources from charitable activities	3	509,636	48,898	558,534	521,869
Investment income	4	389	-	389	135
Other income	5	-	1,974	1,974	421
Total income		512,025	71,237	583,262	526,344
<u>Expenditure on:</u>					
Charitable activities	6	499,526	57,214	556,740	542,425
Net income/(expenditure) for the year/ Net movement in funds		12,499	14,023	26,522	(16,081)
Fund balances at 1 August 2017		492,319	-	492,319	508,400
Fund balances at 31 July 2018		504,818	14,023	518,841	492,319

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.

SANDS SCHOOL

BALANCE SHEET

AS AT 31 JULY 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10		293,101		292,451
Current assets					
Debtors	12	158,830		48,315	
Cash at bank and in hand		202,580		281,358	
		<u>361,410</u>		<u>329,673</u>	
Creditors: amounts falling due within one year	14	(103,263)		(90,098)	
Net current assets			258,147		239,575
Total assets less current liabilities			551,248		532,026
Creditors: amounts falling due after more than one year	15		(32,407)		(39,707)
Net assets			<u>518,841</u>		<u>492,319</u>
Income funds					
Restricted funds	18		14,023		-
Unrestricted funds			504,818		492,319
			<u>518,841</u>		<u>492,319</u>

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 July 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The Trustees' acknowledge their 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 on 24/4/2019


Mrs F Daly
Trustee

Company Registration No. 02274600

SANDS SCHOOL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	22		(64,689)		(5,340)
Investing activities					
Purchase of tangible fixed assets		(7,871)		(5,757)	
Proceeds on disposal of tangible fixed assets		207		368	
Interest received		389		135	
Net cash used in investing activities			(7,275)		(5,254)
Financing activities					
Repayment of bank loans		(6,814)		(6,359)	
Net cash used in financing activities			(6,814)		(6,359)
Net decrease in cash and cash equivalents			(78,778)		(16,953)
Cash and cash equivalents at beginning of year			281,358		298,311
Cash and cash equivalents at end of year			202,580		281,358

SANDS SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

Charity information

Sands School is a private company limited by guarantee incorporated in England and Wales. The registered office is 30 Fore Street, Totnes, Devon, TQ9 5RP. The Charity's place of business is Greylands, 48 East Street, Ashburton, Devon, TQ13 7AX.

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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 funders as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.3 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.

Income from school fees is included in incoming resources in the period that the student has received tuition from the school.

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.

SANDS SCHOOL

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

1 Accounting policies

(Continued)

1.4 Resources expended

Resources expended are included in the statement of financial activities on an accruals basis, and are recognised when there is a legal or constructive obligation to pay for expenditure.

Certain expenditure is directly attributable to specific functional activities and has been included in those cost categories. Certain other costs, which are attributable to more than one functional activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities or based on the estimated use of the resource concerned or space occupied.

The charity is not registered for VAT. All expenditure is therefore stated inclusive of VAT where applicable.

1.5 Tangible fixed assets

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

Depreciation is provided to write off the cost or valuation, less any residual value of all fixed assets except freehold land and buildings over their estimated useful lives. It is calculated at the following rates:-

Plant and machinery	over 4 years on a straight line basis
Fixtures, fittings & equipment	over 5 years on a straight line basis
Motor vehicles	over 5 years on a straight line basis

Freehold land and buildings are not depreciated as in the opinion of the Trustees the useful economic life and residual value are such that any depreciation would be insignificant. Impairment reviews are carried out periodically, and whenever there is evidence that the value of a tangible asset, or class of asset, may be impaired.

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.

1.6 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible and intangible 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 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.

SANDS SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

1 Accounting policies

(Continued)

1.8 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 investments, 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or are settled or when the Charity transfers the financial assets and substantially all the risks and rewards of ownership to another entity.

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.

1.9 Pensions

The Charity contributes to the Teachers' Pension Scheme (England and Wales) at rates set by the Scheme Actuary and advised to Council by the Scheme Administrator.

The Charity also contributes to a defined contribution scheme for staff not within the Teachers' Pension Scheme.

1.10 Leases

Rentals payable under operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to income on a straight line basis over the term of the relevant lease.

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight line basis.

SANDS SCHOOL

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

1 Accounting policies

(Continued)

1.11 Support costs

Support costs include expenses which enable charitable activities and fund generating to be undertaken. These costs include finance and human resources and are allocated on a basis consistent with the use of the resource.

1.12 Governance costs

Governance costs comprise the costs of running the charity, including strategic planning for its future development, any legal advice for the Trustees, and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

2 Voluntary income

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Donations and grants	2,000	20,365	22,365	3,919
For the year ended 31 July 2017	3,919	-		3,919
Donations and grants				
Dartington Hall Trust	2,000	-	2,000	-
Meadowbrook Trust	-	12,000	12,000	-
Erasmus programme	-	8,365	8,365	-
Other	-	-	-	3,919
	2,000	20,365	22,365	3,919

Donations received in 2017 were all for unrestricted purposes.

SANDS SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

3 Incoming resources from charitable activities

	2018 £	2017 £
Net school fees and associated income	558,534	521,869
Analysis by fund		
Unrestricted funds	509,636	
Restricted funds	48,898	
	558,534	
For the year ended 31 July 2017		
Unrestricted funds		490,800
Restricted funds		31,069
		521,869

4 Investment income

	Unrestricted funds	Total
	2018 £	2017 £
Interest receivable	389	135

5 Other income

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Sundry income	-	1,974	1,974	421
For the year ended 31 July 2017	421	-		421

SANDS SCHOOL

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

6 Charitable activities

	2018 £	2017 £
Staff costs	355,211	331,514
Depreciation and impairment	7,012	6,633
Supply teachers and cooking contractors	1,000	8,005
Counselling costs	2,475	718
Books, teaching supplies and exam fees	24,724	24,574
Food and refreshments	9,514	10,251
Camp, trip and educational visit costs	16,046	14,526
(Profit)/Loss on disposal of assets	(293)	368
Rent and rates	5,210	4,593
Repairs and cleaning	10,779	13,135
Insurances	7,773	7,437
Light and heat	7,417	5,702
	<u>446,868</u>	<u>427,456</u>
Share of support costs (see note 7)	99,526	102,860
Share of governance costs (see note 7)	10,346	12,109
	<u>556,740</u>	<u>542,425</u>
Analysis by fund		
Unrestricted funds	499,526	
Restricted funds	57,214	
	<u>556,740</u>	
For the year ended 31 July 2017		
Unrestricted funds		508,390
Restricted funds		34,035
		<u>542,425</u>

SANDS SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

7 Support costs

	Support costs	Governance costs	2018	2017	Basis of allocation
	£	£	£	£	
Staff costs	59,443	1,213	60,656	66,528	Time spent
Motor running and travelling	8,276	-	8,276	8,465	Direct
Bad debts	5,848	-	5,848	6,546	Direct
Advertising and publicity	4,391	-	4,391	4,098	Direct
Recruitment, training and workshops	3,751	-	3,751	1,013	Direct
Printing, postage and stationery	6,066	-	6,066	5,580	Direct
Telephone and communication	1,602	-	1,602	1,554	Direct
Copier hire	2,871	-	2,871	2,592	Direct
Bank charges	774	-	774	507	Direct
Interest payable	4,614	-	4,614	5,554	Direct
Sundries	1,890	-	1,890	1,754	Direct
Independent examiner's fees - external scrutiny	-	2,280	2,280	2,280	Governance
Independent examiner's fees - other services	-	5,369	5,369	5,582	Governance
Legal, professional and consultancy fees	-	1,484	1,484	2,916	Governance
	<u>99,526</u>	<u>10,346</u>	<u>109,872</u>	<u>114,969</u>	
Analysed between					
Charitable activities	<u>99,526</u>	<u>10,346</u>	<u>109,872</u>	<u>114,969</u>	

Governance costs includes payments to the independent examiner of £2,280 (2017: £2,280) for independent examination fees and £5,369 (2017: £5,582) for other services.

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year (2017: £nil).

Two Trustees were reimbursed travelling expenses in the year of £312 (2017: £nil).

SANDS SCHOOL

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

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Teaching	20	17
Administration	3	4
Maintenance	1	1
Counselling	1	1
	<u>25</u>	<u>23</u>

Employment costs

	2018 £	2017 £
Wages and salaries	360,076	358,160
Social security costs	20,183	21,105
Other pension costs	35,608	18,777
	<u>415,867</u>	<u>398,042</u>

These equate to full time equivalents of 11.6 (2017: 11.4) for teaching, 2 (2017: 2) for administrative, 0.4 for maintenance (2017: 0.4) and 0.4 for counselling (2017: 0.4).

There were no employees whose annual remuneration was £60,000 or more.

SANDS SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

10 Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, Motor vehicles fittings & equipment		Total
	£	£	£	£	£
Cost					
At 1 August 2017	277,865	45,520	112,166	26,219	461,770
Additions	-	7,271	600	-	7,871
Disposals	-	(19,828)	(769)	-	(20,597)
At 31 July 2018	277,865	32,963	111,997	26,219	449,044
Depreciation and impairment					
At 1 August 2017	-	38,783	104,322	26,216	169,321
Depreciation charged in the year	-	4,236	2,776	-	7,012
Eliminated in respect of disposals	-	(19,624)	(766)	-	(20,390)
At 31 July 2018	-	23,395	106,332	26,216	155,943
Carrying amount					
At 31 July 2018	277,865	9,568	5,665	3	293,101
At 31 July 2017	277,865	6,737	7,846	3	292,451

Based on an assessment of the value of the property with local estate agents and developers the directors are of the opinion that at 31 July 2018 the market value of land and buildings exceeds the carrying value by at least £200,000.

In the opinion of the directors, the net book value of non-depreciable assets included above is in the region of £110,000.

11 Financial instruments	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	151,148	41,562
Carrying amount of financial liabilities		
Measured at amortised cost	135,670	123,853
12 Debtors		
Amounts falling due within one year:		
Fee debtors	151,148	41,562
Prepayments and accrued income	7,682	6,753
	158,830	48,315

SANDS SCHOOL

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

13 Loans and overdrafts

	2018 £	2017 £
Bank loans	39,706	46,522
Payable within one year	7,299	6,815
Payable after one year	32,407	39,707
Amounts included above which fall due after five years:		
Payable by instalments	-	7,187

The bank loan is secured by a fixed and floating charge over the company's freehold property and is repayable by instalments over a period of 20 years commencing 2 April 2003 at a fixed rate of interest of 7.01493%.

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans	13	7,299	6,815
Other taxation and social security		-	5,952
Trade creditors		19,707	14,649
Other creditors		20	20
Deposits held		44,828	39,828
Accruals and deferred income		31,409	22,834
		103,263	90,098

15 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans	13	32,407	39,707

16 Legal status

The Charity is a company limited by guarantee having no share capital. In the event of the winding up, each member agrees to contribute a sum not exceeding £1. The members of the Company are the School governors and include the directors named on page 2. There were thirteen members at 31 July 2018.

SANDS SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

17 Retirement benefit schemes

Defined contribution schemes

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

The employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS on 6 September 2018 to allow the Department for Education to finalise this valuation. Early indications from the valuation are that the amount employers will be required to pay towards the scheme may increase substantially from September 2019.

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

The pension charge for the year comprises contributions payable to the scheme of £34,462 (2017: £17,970).

The School also runs a defined contribution scheme. The employer's contribution was £1,146 (2017: £807) for the year.

Contributions of £22,633 were payable at 31 July 2018 (2017 £12,112).

The charge to profit or loss in respect of defined contribution schemes was £35,608 (2017 - £18,777).

SANDS SCHOOL

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

18 Restricted funds

The income funds of the charity for the year included the following restricted funds:

	Balance at 1 August 2017	Movement in funds		Balance at 31 July 2018
	£	Incoming resources £	Resources expended £	£
Learning support	-	48,898	(48,898)	-
Erasmus funding	-	8,365	(6,342)	2,023
Sports court	-	12,000	-	12,000
Training	-	1,974	(1,974)	-
	-	71,237	(57,214)	14,023

The restricted funds arise as follows:

Learning support - funds received solely to assist specific pupils.

Erasmus - funding received for students to participate in an European exchange programme.

Sports court - funding received from the Meadowbrook Trust to be used to improve the sports court.

Training - funds received for training specific to special needs students.

19 Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
Fund balances at 31 July 2018 are represented by:				
Tangible assets	293,101	-	293,101	292,451
Current assets/(liabilities)	244,124	14,023	258,147	239,575
Long term liabilities	(32,407)	-	(32,407)	(39,707)
	504,818	14,023	518,841	492,319

20 Operating lease commitments

At 31 July 2018 the company had total commitments under non-cancellable operating leases as follows:

	2018 £	2017 £
Between two and five years	7,128	37,584

21 Related party transactions

SANDS SCHOOL

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

21 Related party transactions

(Continued)

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

£3,132 remained owing by Sean Bellamy, School administrator, in respect of school fees payable.

22 Cash generated from operations

	2018 £	2017 £
Surplus/(deficit) for the year	26,522	(16,081)
Adjustments for:		
Investment income recognised in statement of financial activities	(389)	(135)
Depreciation and impairment of tangible fixed assets	7,012	6,633
Movements in working capital:		
(Increase) in debtors	(110,515)	(5,677)
Increase in creditors	12,681	9,920
Cash absorbed by operations	(64,689)	(5,340)