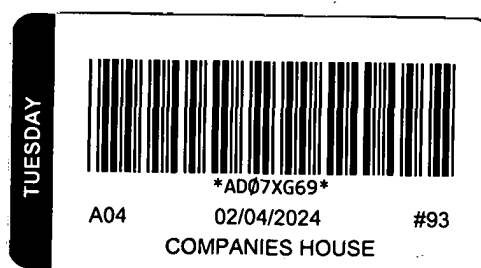


King Fahad Academy Limited

Annual Report and Financial statements

For

18 Months to 30 June 2023



Registered Company no: 2090011

Registered Charity no: 327342

Directors and Trustees who form the Council of Management

HRH Prince Khalid Bin Bandar Bin Sultan Bin Abdulaziz Al Saud - Chairman

Dr Amal Jamel Fatani
Dr Rusha Khalid Alrawaf
Mr. Rashed Obid Alsubaiai
Mr Waleed Alnatheer
Mr Hassan Saeed Ajomae
Mr Saud Alhamdan

(Appointed September 2022)
(Resigned August 2022)
(Appointed October 2022)
(Resigned January 2022)

Auditors

HW Fisher LLP
11/15 William Road
London
NW1 3ER

Registered office

Bromyard Avenue
Acton
London
W3 7HD

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Bankers

HSBC Bank Plc
City of London Corporate Centre
60 Queen Victoria Street
London
EC4N 4TR

THE KING FAHAD ACADEMY LIMITED

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THE KING FAHAD ACADEMY LIMITED

Report of the trustees (incorporating strategic report) for the 18 months to 30 June 2023

The King Fahad Academy was closed to pupils on 8 July 2023 shortly after the period ended 30 June 2023 upon which these financial statements are based. The Trustees' report outlines the reasons for its closure in the 'Review of Activities' section.

Objectives of the Charity

The King Fahad Academy is governed by the Council of Management which is chaired by His Royal Highness Prince Khalid Bin Bander Bin Sultan Bin Abdulaziz Al Saud, the Ambassador of the Kingdom of Saudi Arabia to the Court of St. James. The Board members have a wealth of international and UK experience in a wide range of areas including education, finance, and law. The Board works closely with the Chairman to support and develop the Academy.

The trustees, who are also directors of the Academy for the purposes of company law, present their report along with the financial statements of the charity for the 18 months to 30 June 2023. This Report and the Financial Statements have been prepared in accordance with the UK Statement of Recommended Practice "Accounting and Reporting by Charities", issued October 2005, and comply with the requirements of applicable law and the Memorandum and Articles of Association and Accounting standards.

Constitution and objects

The King Fahad Academy was founded in September 1985 with the objective of providing schooling of the highest standards, equally acceptable to both Saudi and British Authorities for the children of Saudi Diplomats, Arab Muslims and the local community in London. At its inception, the Academy provided a comprehensive education from kindergarten to university entrance.

The Academy is constituted as an educational trust by command of the late King Fahad Bin Abdulaziz Al-Aziz Al-Saud, with funding at source from the Kingdom of Saudi Arabia. The Academy is registered with the Charity Commission of England and Wales, Charity number 327342 and was registered on 27 January 1987. The Academy is a company Limited by guarantee (Registered number: 2090011), which does not have share capital. The governing documents are the Memorandum and Articles of Association dated 15 January 1987.

Organisation

The trustees who have served during the period and since the period-end are shown on page 2. Trustees are all members of the Council of Management and serve for an agreed period after which they may put themselves up for re-election. The Royal Embassy of Saudi Arabia is represented on the Council and His Royal Highness the Ambassador is the Chairman. The Council of Management meets twice yearly, as a minimum, but more often, should the Academy business so demand. The Council decides and votes on the appointment of new trustees.

The day-to-day running of the King Fahad Academy (prior to its closure) was delegated to the Director of the Academy and members of the School Leadership Team (SLT), which comprises of the Director of Education, the Heads of Upper and Primary School, School Business Manager/Accountant. The SLT deals with all operational aspects of the Academy. The Director chaired weekly leadership meetings.

Our Mission, Vision & Philosophy

The philosophy and objectives of the Academy are set by the Trustees. It is then the prerogative of the Director of the Academy and the School Leadership Team to implement the broad policy decisions after full consultation with the trustees.

Our Mission

The King Fahad Academy (prior to its closure) aimed to provide a bilingual international and UK standard education with an Islamic ethos to students aged 3 – 18 years. The Academy was committed to helping all students realise their full potential and become well-balanced, productive citizens who appreciate the multicultural world in which we live. Skills and expertise were employed to nurture our students holistically,

THE KING FAHAD ACADEMY LIMITED

Report of the trustees (incorporating strategic report) for the 18 Months to 30 June 2023

in terms of their intellectual, emotional, physical, social and spiritual development through a challenging and balanced curriculum.

Our Vision

Our Vision was for The King Fahad Academy to be an exemplary professional learning community where children reap the benefits of an international and UK standard, balanced, faith-based education.

Our Philosophy

We believe that a holistic education which includes the development of skills is needed for developing intercultural understanding, compassion and respect.

- The KFA establishes high standards of excellence for students to achieve and responds appropriately to help those students who have learning challenges.
- Each student has a unique experience which must be taken into consideration during the teaching process.
- The development of a balanced attitude, free of prejudice or extreme inclination in the matter of religion is the key to a more homogenous human existence.
- The collaborative effort of parents, teachers and students is essential for an effective education.

Aims

As a result, the Academy aims to offer all its pupils full access to the UK National Curriculum alongside a rich strand of Arabic and Islamic studies. This programme of study and all that we do is designed to bring about a combination of academic achievement and development within the ethos and values of the Islamic faith. Throughout this journey of learning, pupils, staff and parents, are encouraged to remain aspirational, confident and excellent in all they do.

Building on their knowledge of their own faith, we aim to cultivate in our community (staff, pupils and parents), an understanding and open-minded attitude towards other cultures and beliefs. We fully endorse and promote the Fundamental British Values of democracy, the rule of law, individual liberty and mutual respect and tolerance for those of different cultures, religions and beliefs. We believe that this approach equips our pupils with the necessary knowledge and skills to appreciate and thrive in today's increasingly globalised and multicultural world.

Review of Activities

The total number of students for the Academic year 2022/23 was 562 (2021/22 475).

GCSE & A Level

The number of students who attended GCSE exam 29 and A Level students were 17.

Due to the conversion of students from Diploma to GCSE and A Level meant that the average grade has slightly down.

Number of candidates who passed	46 (2021: 17)
Average point obtained who passed	46 (2021: 17)
Highest Grade point awarded	21 (2021: 10)
Average grade obtained at the school who passed	B (2021: 5.96)
Percentage of students who obtained pass	100% (2021: 100%)

THE KING FAHAD ACADEMY LIMITED

Report of the trustees (incorporating strategic report) for the 18 Months to 30 June 2023

During the 18 month period, the charity has not actively raised funds from the public. No professional fund raisers were used during the period and the charity has not voluntarily registered with the Fundraising Regulator.

On 2 May 2023 the Trustees informed the staff and parents of current pupils that there was a proposal to close the Academy and a consultation period commenced.

The Academy had been reliant on the long-term funding from the Kingdom of Saudi Arabia, which is received through the Royal Embassy of Saudi Arabia in London. The provision of funding has been reconsidered by the Kingdom of Saudi Arabia following a change to its education policy and funding will no longer be provided from the end of the academic year 2022/23. Without the funding, the income the Academy receives through the payment of fees would be insufficient to meet the Academy's operating costs for the September 2023 to July 2024 academic year (and thereafter).

The costs of running the Academy far outweigh the funds received by it. If full tuition fees were to be charged to all students at the current rate, it would not cover the running costs.

Following the consultation period, on 27 June 2023, the Trustees confirmed their decision that the Academy would be closed with effect from the end of the academic year. As a result, the Academy was closed on 8 July 2023 and the staff were made redundant with effect from 31 August 2023.

A skeleton group of staff members were retained to assist with the winding down of the Academy's operations.

Review of the financial period

During the 18 month financial period, income received from The Kingdom of Saudi Arabia was £9,565,772. The Academy made an operating loss for the period of £2,722,473 (2021: Profit of £119,273).

In the same financial period the incoming resources were £11,033,278 (2021: £6,990,699), an increase of 63% which is attributed mainly to the longer accounting period and increased tuition fees and other educational incomes. The main sources of income are as follows:

- Funding from The Kingdom of Saudi Arabia of £9,565,772 (2021: £6,437,909) an increase of 54%.
- Tuition fees of £1,034,407 for 538 students (2021: £456,624 for 475 students), an increase of 127% in 2023. Discounts/Sponsorships/Bursary were given to fee paying students and siblings totalling £61,010 (2021: £72,461) and the number of fee-paying students enrolled in the school increased to 200 students (2021: 184).

Fees, Bursary and Scholarship

Fees for 2022, for existing and new students, were: £150 per week for Pre-KG and KG1; £3,000 per annum for KG2 to Grade 6, £4,000 per annum for Grade 7 to Grade 9 and £5,000 per annum for Grade 10 to Grade 13. Discounts were given to existing students at 15% for a second child and 10% for a third child or more but not to new students.

Fees were significantly lower than other independent or international schools. Our fee structure offered parents from a wide economic background an affordable education for their children in an international school. We believe in wider access and participation and keep our fees to reflect this belief. For current students, we provide discount to parents with more than one child in our school.

Investment policy

The King Fahad Academy does not possess or manage investments. Any excess funds are placed in short-term deposits. Due to its closure and proposed members voluntary liquidation, the Board has opted to prepare the accounts using a breakup basis.

THE KING FAHAD ACADEMY LIMITED

Report of the trustees (incorporating strategic report) for the 18 Months to 30 June 2023

Reserves Policy

The level of free reserves as at 30 June 2023 is a negative £1,163,646 (2021: £440,336) (unrestricted funds less funds tied up in tangible fixed assets) which is equivalent to 4 months of operating expenditure. Prior to the decision to close the Academy, the Trustees had aimed to accumulate a general reserve fund equivalent to approximately one year's worth of operating expenditure.

We gave scholarship to students according to set criteria. In 2021/2022, we gave one student full sponsorships of £5,120 which is 1% of the total fees (2020/2021 two students for £9,333).

Bursaries/Discounts were given to 59 students totalling £55,891 (2020/21 £11,858).

The progress of pupils receiving scholarships and bursaries is reviewed at least annually to ensure their progress is in line with their abilities. No scholarships were withdrawn in the period as a result of reviews.

Risk Management

Detailed considerations of risk are delegated to the Senior Leadership Team of the Academy. Risks are identified, assessed and controls established throughout the period. A formal review of the Academy's risk management processes is undertaken on an annual basis. Risk is managed under the headings of financial sustainability, school safety, student welfare, employment, school trips and events and community access.

The main risks identified and the plans to manage those risks are:

- **Reputation.** The school's success is built on its reputation for the education and well-being of our pupils. We manage this risk through safeguarding policies, staff recruitment policies, pastoral support for both pupils and staff and active identification and resolution of health and safety related issues.
- **Curriculum.** Academic excellence requires the most able teachers with state-of-the-art facilities delivering the curriculum to able students. We manage this risk by combining attractive salaries, on-going investment in our estate and an approach to enrolment that works with supportive parents whose children have an appetite for learning and a bursary scheme that recognises pupil achievement and aptitude.
- **Funds:** On 26 June 2023, following a consultation process with staff members, the Board of Trustees reached a decision to cease school operations. Our ongoing viability hinges on financial support from the Saudi Embassy, as they will continue to cover expenses and employee salaries as they become due.

Through the risk management processes established for the Academy, the Council of Management are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Future Plans

In light of the decision on 27 June 2023 to close the Academy following a period of consultation, the majority of the Academy staff were made redundant with effect from 31 August 2023. A small number of employees were retained for a short period in order to manage an orderly wind down of operations of the Academy, including realising value for the assets and ensuring compliance with all essential legal obligations.

The Academy is committed to meeting all of its outstanding financial obligations, following which the company will enter a solvent liquidation process (Members Voluntary Liquidation) to close the legal entity.

THE KING FAHAD ACADEMY LIMITED

Report of the trustees (incorporating strategic report) for the 18 Months to 30 June 2023

Key management personnel

The Trustees consider that they, together with the Head, the Bursar and the Heads of Faculty comprise of the key management personnel (see note 3 to the accounts). The Council of Management give their time freely and the pay and remuneration of the Senior Management Team is set by the Trustees and is kept under annual review. A number of criteria are used in setting pay:

- nature of the role and responsibilities
- the sector average salary for comparable positions
- trends in pay

In recent years, flexible pay in the Academy School Sector has affected the ease of recruitment to certain roles.

Following the announcement of the closure of the Academy and the subsequent redundancy of the staff including certain key management personnel, the Council of Management have delegated authority to a small number of retained staff members and an independent interim manager in order to conduct an orderly wind down of the Academy's operations.

Council of Management's Responsibilities

The trustees, who are also directors for the purpose of company law, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The trustees are responsible for preparing financial statements for each financial period, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to:

- observe the methods and principles in the Charities SORP;
- 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

THE KING FAHAD ACADEMY LIMITED

Report of the trustees (incorporating strategic report) for the 18 Months to 30 June 2023

Statement of disclosure to auditors

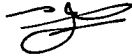
Each Trustee confirms that:

- a) insofar as the Trustee is aware, there is no relevant audit information of which the Academy's auditors are unaware; and
- b) the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself / herself aware of any relevant audit information and to establish that the Academy's auditors are aware of that information.

Auditors

In accordance with the company's articles, a resolution proposing that HW Fisher LLP be reappointed as auditors of the company will be put at a General Meeting.

The Trustees' report was approved by the Council of Management



Mr Hassan Saeed Aljomae

28 Mar 2024

Date:

THE KING FAHAD ACADEMY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF KING FAHAD ACADEMY LIMITED

Opinion

We have audited the accounts of The King Fahad Academy Limited for the 18 month period ended 30 June 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2023 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 1 'going concern' to the financial statements which explains that the Trustees took the decision to close the Academy from the end of the academic year on 8 July 2023 and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

THE KING FAHAD ACADEMY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE TRUSTEES OF KING FAHAD ACADEMY LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: The Charity SORP, FRS 102, Charities Act 2011 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

THE KING FAHAD ACADEMY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE TRUSTEES OF KING FAHAD ACADEMY LIMITED

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular, in relation to fair valuations of fixed assets.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular completeness and accuracy, for evidence of management bias.
- Performing physical verifications of key assets.
- Assessing the validity of the classification of income, expenditure, assets and liabilities.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the charity board minutes for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustee of the charity.

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

Use of our report

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 and regulations made under that Act. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**Andrew Rich (Senior Statutory Auditor)
for and on behalf of HW Fisher**

Andrew Rich

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

.....
28 Mar 2024

THE KING FAHAD ACADEMY LIMITED**Statement of financial activities for the 18 month period ended 30 June 2023
(Incorporating an Income and Expenditure Account)**

		18 Mths to Notes 30 June 2023 £	12 Mths to 31 Dec 2021 £
INCOME FROM:			
Donation and legacies:			
Donation from The Kingdom of Saudi Arabia	2a	9,565,772	6,437,909
Investments		12,018	24
Charitable Activities:			
Tuition Fees	2b	1,034,407	456,624
Other Educational Income	2c	421,082	96,142
Total		11,033,278	6,990,699
EXPENDITURE ON:			
Raising Funds			
Bank & Other Interest		11,573	5,630
Charitable Activities			
Education	5	13,744,178	6,865,796
Total	5	13,755,751	6,871,426
Net Movement in funds		(2,722,473)	119,273
Funds brought forward at 1 January 2022		1,558,827	1,439,554
FUNDS CARRIED FORWARD AT 30 JUNE 2023		(1,163,646)	1,558,827

The charitable company has no gains or losses other than those shown in the Statement of Financial Activities above.

The notes on pages 16 to 24 form an integral part of these financial statements.

The Statement of financial activities also complies with the requirements for an Income and Expenditure Account under the Companies Act 2006.

THE KING FAHAD ACADEMY LIMITED**Balance Sheet as at 30 June 2023**

	Notes	18 Mths to 30 June 2023	12 Mths to 31 Dec 2021
		£	£
FIXED ASSETS			
Tangible Fixed Assets	6	-	1,118,491
CURRENT ASSETS			
Debtors	7	123,366	328,500
Tangible Assets	6	36,405	-
Cash		<u>1,672,623</u>	<u>1,006,185</u>
		1,832,394	1,334,685
CREDITORS: DUE WITHIN ONE YEAR	8	<u>(2,996,040)</u>	<u>(868,846)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,163,646)</u>	<u>465,839</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,163,646)	1,584,330
CREDITORS: DUE AFTER MORE THAN ONE YEAR	8	-	(25,503)
TOTAL NET (LIABILITIES)/ASSETS		<u>(1,163,646)</u>	<u>1,558,827</u>

Approved by the trustees and signed on their behalf by:



Mr Hassan Saeed Aljomae

Date: 28 Mar 2024

The notes on pages 16 to 24 form an integral part of these financial statements.

THE KING FAHAD ACADEMY LIMITED

Cash flow statement For the 18 Months to 30 June 2023

	Notes	18 Mth to 30 Jun 2023 £	12 Mths to 31 Dec 2021 £
Cash flows from operating activities:			
Cash generating by operations	10	710,058	618,665
Investing activities			
Purchase of tangible fixed assets		(44,064)	(9,123)
Interest Received		12,018	25
Interest Paid		(11,573)	(5,605)
Net increase in cash and cash equivalents		(43,619)	(14,703)
Financing activities			
Payments under finance leases		-	-
Net cash used in investing activities		666,440	603,962
Cash and cash equivalents at the beginning of the period		1,006,185	402,223
Cash and cash equivalents at the end of 18 month		1,672,625	1,006,185

The notes on pages 16 to 24 form an integral part of these financial statements

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023

The King Fahad Academy is a charitable company limited by guarantee. Company registration number 2090011. Charity registration number 327342.

1. Principal accounting policies

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 Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2016. The Charity is a Public Benefit Entity as defined by FRS102.

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

The accounts have been prepared on the historical cost convention and drawn up in accordance with the requirements of the Companies Act 2006. The principal accounting policies adopted are set out below.

Going Concern

The Academy has been reliant on the long-term funding from the Kingdom of Saudi Arabia over the years, which is received through the Royal Embassy of Saudi Arabia in London. Following a change in its education policy, the Kingdom of Saudi Arabia has ceased funding from the end of the current academic year. The Academy's operating income is insufficient to cover its costs and the Academy has no other viable funding alternatives. Accordingly on 5 May 2023, the trustees took the decision to close the Academy from the end of the academic year on 7 July 2023. The Academy is committed in meeting all of its outstanding financial obligations, following which the company will enter a solvent liquidation process (Members Voluntary Liquidation) to close the legal entity. Accordingly, the financial statements have been prepared on a basis other than going concern.

Accumulated Funds

Funds held by the Charity are:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustee.

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 the Saudi Government and other donations are recognised on a receipt basis. Tuition fees and other income (exam, stationery etc.) are recognised on an accrual basis.

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

Resources expended

Expenditure is accounted for on an accruals basis. Expenditure is allocated to expense headings on a direct cost basis including irrecoverable VAT.

Employee costs are allocated to expense headings in the Statement of Financial Activities based on staff time spent on each activity.

Teaching costs comprise the direct costs of the employment of teaching staff together with the costs of academic resources, teacher and other educational training. Redundancy costs are accounted on an accrual basis.

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

Welfare costs include the costs of catering, nursing staff & supplies. Premises costs include heat, lights, insurance, security, cleaning, alarm cost together with the cost of maintenance (including staff) and janitorial services.

Support costs, not directly attributed to a particular functional activity category, are apportioned over the relevant categories on the basis of staff numbers.

Grants, Awards and Prizes provided in respect of the education of pupils, are included in direct costs, without attribution of overheads.

Governance costs comprise of audit charges and expenditure in relation to developing the strategy of the Academy and time spent in preparation for Council of Management meetings.

Cost of goods sold relates to expenditure incurred in acquiring school uniforms for resale.

The Academy offer work place pensions to all staff. Both staff and the academy contribute to Now Pension. Staff pay 5% and the academy pay 3% of their salary.

Fixed assets

Fixed assets are stated in the balance sheet at cost less accumulated depreciation. Depreciation is provided to write off the assets over their estimated useful lives on a reducing balance basis using the following rates:

Property improvements	10%-25%
Furniture and office equipment	25%
Computer equipment	33.33%
Motor vehicles	15%
Plant and machinery	20%

All assets with a cost exceeding £500 are capitalised.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of financial activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

The charitable company 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 charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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 receipts 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.

Critical accounting estimates and judgements

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

The trustees do not believe there to be any judgements or estimates that would be considered critical to the financial statements.

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

2. Incoming resources

(a) Income from the Kingdom of Saudi Arabia

Payments of £9,906,330 (2021: £6,437,909) were made by The Saudi Embassy to The King Fahad Academy in order to fund both the cost of salaries and other operational expenditure.

(b) School Fees

School fees £1,034,407 (2021: £456,624) are stated gross and are below average compared to other Independent Schools.

(c) Other Educational Income

	18 Mths to 30 June 2023	12 Mths to 31 Dec 2021
	£	£
Registration Fee Income	9,184	11,900
Exam Fees	52,220	21,838
CAS & Trip Income	23,049	13,870
Club Income & School hire	38,347	4,128
Canteen Income	298,282	44,406
	421,082	96,142

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

3. Employees

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
Staff Costs:	£	£
Wages and salaries	6,788,713	4,640,177
Social security costs	472,562	440,696
Employer Pension cost	142,533	101,858
Redundancy	2,101,811	40,105
	9,505,618	5,222,836

Pension arrangements are with Now Pensions under Auto Enrolment. The Academy currently contributes 3% and employees contribute 5% of gross salaries.

The number of employees earning over £60,000 in the 18month period, excluding pension contributions was:

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
	No.	No.
£ 60,000 - £70,000	-	2
£ 70,001 - £80,000	1	-
£ 80,001 Over	1	1
	2	3

The average number employed by the Academy (all in the United Kingdom) during the period was as follows:

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
	No.	No.
Teaching	102	92
Support Staff	14	21
Premises	7	7
Welfare	4	4
	127	124

The Directors, who are also the trustees of the Charity, receive no emoluments for their services to the Academy, nor have any of their expenses incurred in this capacity, been reimbursed by the Academy.

The key management personnel of the Charity comprise the Senior Management Team as detailed in the report of the trustees.

The total amounts of employee emoluments received by the Senior Management Team were £622,088 (2021: £437,716).

4. Governance Expenditure

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
	£	£
Auditors' remuneration: audit fees 2023	42,000	25,000
	42,000	25,000

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

5. Analysis of Total Expenditure

<i>Cost of Generating funds</i>	Staff Costs £	Other Costs £	Support Costs £	Depn. & Disposal £	Total 30 Jun 2023 £	Total 31 Dec 2021 £
Financing Costs	-	11,573	-	-	11,573	5,605
<i>Charitable Activities</i>						
<i>Education</i>						
Teaching	5,763,429	598,619	1,118,010	-	7,480,058	4,928,950
Welfare	254,457	29,302	43,570	-	327,328	232,549
Premises	229,663	2,155,952	76,247	1,153,826	3,615,689	1,482,674
Grants, Awards & Prizes	-	17,226	-	-	17,226	4,193
Support costs	1,149,258	241,040	(1,237,827)	-	152,471	187,130
Redundancy	2,101,811				2,101,811	-
<i>School operating costs</i>	9,498,618	3,042,139	-	1,153,826	13,694,583	6,835,496
<i>Governance Costs</i>	-	-	49,595	-	49,595	30,300
<i>Education</i>	9,498,618	3,042,139	49,595	1,153,826	13,744,178	6,865,796
TOTAL EXPENDED:	9,498,618	3,053,712	49,595	1,153,826	13,755,751	6,871,401

<i>Cost of Generating funds</i>	Staff Costs £	Other Costs £	Support Costs £	Depn & Disposal £	TOTAL 2021 £
Financing Costs	-	5,605	-	-	5,605
<i>Charitable Activities</i>					
<i>Education</i>					
Teaching	4,088,295	138,916	701,739	-	4,928,950
Welfare	185,869	15,492	31,188	-	232,549
Premises	159,708	1,055,799	46,783	220,384	1,482,674
Grants, Awards & Prizes	-	4,193	-	-	4,193
Support costs	788,964	177,876	(779,710)	-	187,130
<i>School operating costs</i>	5,222,836	1,392,276	-	220,384	6,835,496
<i>Governance Costs</i>	-	-	30,300	-	30,300
<i>Education</i>	5,222,836	1,392,276	30,300	220,384	6,865,796
TOTAL EXPENDED:	5,222,836	1,397,881	30,300	220,384	6,871,401

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

6. Tangible Assets

	Plant & Machinery £	Furniture and office Equipment £	Computer Equipment £	Property Improvements £	Motor Vehicles £	Total £
Cost						
At 1 Jan 2022	447,692	120,065	561,517	2,310,346	75,585	3,515,205
Additions	40,799	-	3,265	-	-	44,064
Revaluation	(488,492)	(91,225)	(564,782)	(2,310,345)	(68,020)	(3,522,864)
At 30 Jun 2023	-	28,840	-	-	7,565	36,405
Accumulated depreciation						
At 1 Jan 2022	293,792	103,883	462,082	1,471,670	65,287	2,396,714
Charge for the period	54,515	5,563	45,640	151,165	2,201	259,084
Revaluation	(348,307)	(109,446)	(507,722)	(1622,835)	(67,488)	(2,628,122)
At 30 June 2023	-	-	-	-	-	-
Net book amount						
At 30 June 2023	-	28,840	-	-	7,565	36,405
At 31 Dec 2021	153,900	16,182	99,435	838,676	10,298	1,118,491

The land and buildings comprising the Academy and certain equipment have been purchased directly by the Kingdom of Saudi Arabia and the title remains with them. These assets have therefore not been included in the Academy's accounts. All assets are held for charitable purposes, however, these assets are not for continuing use of the charity due to the schools closure. For the period ended 30 June 2023 assets previously held as fixed assets have been reclassified as current owing to the closure of the Academy and the proposed member's voluntary liquidation of the company.

The carrying value of tangible assets includes the following in respect of assets held under finance lease or hire purchase contracts.

	18 Mths to 30 Jun 2023 £	12 Mths to 31 Dec 2021 £
Computer equipment	-	27,812
	-	27,812

Depreciation charge for the period in respect of leased assets was £27,812 (2021: £27,692)

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

7. Debtors

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
	£	£
School Fees Outstanding	-	244,937
Prepayments	123,366	81,688
Staff Loan	-	1,875
	123,366	328,500

8a. Creditors: amounts falling due within one year

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
	£	£
Trade creditors	389,532	168,788
Obligation under finance lease	-	25,526
Deferred income	-	441,818
Accruals	2,525,508	55,338
PAYE and other taxes	-	110,670
Provision for Liabilities	-	3,956
Fee Deposit	81,000	62,750
	2,996,040	868,846

Deferred Income is made up of the following and relates to fees for the school year September 2022 to August 2023 and other Income.

	18 Mths to 30 Jun 2023	12 Mths to 31 Dec 2021
	£	£
At 1 January 2022	441,818	310,268
Fees relating to September 2022 to August 2023	-	652,923
Exam Income	-	2,719
Lunch Voucher	-	27,469
	441,818	993,379
Fees utilised January 2022 – June 2023	(411,630)	(526,281)
Exam Income utilised	(2,719)	(20,280)
Gulf Conference	-	(5,000)
Lunch Voucher	(27,469)	-
At 30 June 2023	-	441,818

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

8b. Creditors: amounts falling due greater than one year

	18 Mths to 30 Jun 2023 £	12 Mths to 31 Dec 2021 £
Obligation under finance lease	-	25,503
	-	25,503

Finance lease obligations

Future minimum lease payments due under finance lease:

	18 Mths to 30 Jun 2023 £	12 Mths to 31 Dec 2021 £
Within one year	-	25,526
In two to five years	-	25,503
	-	51,029

Finance lease payments represent rentals payable by the company for computer equipment. All leases are on a fixed repayment basis.

9. Share capital

The Academy is a company limited by guarantee and has no share capital; the liability of the members under the guarantee is limited to £1 each.

10. Cash generated from operations

	18 Mths to 30 Jun 2023 £	12 Mths to 31 Dec 2021 £
Surplus/(deficit) for the period	(2,384,695)	119,298
Adjustments for:		
Depreciation & fair value changes	1,153,826	220,384
Interest receivable	(9,238)	(24)
Interest Payable	11,573	5,605
Movements in working capital:		
(Increase)/Decrease in Debtors	205,134	(611)
Increase/(Decrease) in Creditors	2,074,016	274,015
	<u>1,050,616</u>	<u>618,667</u>

THE KING FAHAD ACADEMY LIMITED

Notes to the financial statements for the 18 Months to 30 June 2023 (continued)

11. Related Parties

The Royal Embassy of Saudi Arabia in London is considered to be a related party to the Academy. During the period, The Kingdom of Saudi Arabia, via its Embassy in London, provided the following to the Academy:

- Income amounting to £9,906,330 (2021: £6,437,909)
- Rent free use of the Academy premises which are owned by the Royal Kingdom of Saudi Arabia

The second item is not reflected in the financial statements as the value cannot be quantified.

The Trustee who had children attending the Academy is Mr Rashed A. Alsebaei. As with all pupils of Saudi Arabian nationality, the Trustees children are exempt from paying any fees.

12. Analysis of changes in net debt

The charity had no debt during the period. Cash held at the period end totalled £2,010k (2021: £1,006k)