



FEES IN ADVANCE SCHEME

9 July 2018

BACKGROUND & OBJECTIVES

1. A Fees in Advance (FIA) Scheme ("the Scheme") is an arrangement whereby an advance lump sum payment by parents¹, grandparents, guardians or another participant² (known as the composition fee), is paid and used to defray a proportion of the termly tuition fee for part, or all of the pupil's time at the school. Personal tax advantages for the provider of funds² may accrue from such a scheme also there is no inheritance tax liability on the composition sum if it is paid by a parent.

BASIS OF THE SCHEME

2. In return for a single composition sum payment at or after the acceptance of an offer of a place for the pupil, the school offers a credit to be applied against each term's fee invoice for a set number of terms. The total value of these credits will be discounted at an agreed rate to calculate the amount of the lump sum payment.

3. The rate of discount allowed by the school on such payments in advance is kept under regular review. Once an advance payment is made, with one exception, the discount rate will apply for the duration of the arrangement secured by that payment. The exception is that, if the school, as a charity, loses its exemption from corporate taxation, the Governors reserve the right to reduce the amount of fees covered by such an amount as will ensure that a loss is not incurred by the school.

4. In the event of any change to the school's charitable status, the Governors reserve the right to make reasonable changes to the terms of the Scheme with a minimum notice period of three months.

TERMS AND CONDITIONS

General

5. These Terms and Conditions are supplemental to the school's standard terms and conditions contained in the PARENT/SCHOOL CONTRACT and also form a part of the contractual relationship between the parents and the school.

6. All payments made in accordance with the Scheme form part of the general funds of the school and will be used for such purposes as the Governors may from time-to-time direct. In return

¹ Throughout this document, the term "parent" will mean the person or persons who have signed the Parent/School Contract for the pupil's entry into the School. This might be the legal parent or guardian.

² Throughout this document, the term "provider of funds" will be used to denote the source of funding for the scheme whether this be a parent, grandparent, guardian or other provider.

for the payment, the school will make a specified payment to the fee account of the pupil of an agreed amount and for an agreed number of terms.

7. Acceptance by the school of a composition fee does not in any way alter the terms of entry to the school or entitle a girl to preferential treatment. Such payment does not in itself guarantee a girl a place in the school. In addition, parents will remain responsible for paying appropriate registration fees, fee deposits and for school extras.

Scope of Scheme

8. The Scheme may be used to provide advanced payments towards fees for a set number of terms during the pupil's potential time at the school, from a minimum of three terms up to a maximum of fifteen terms. The fee composition payment will not cover subsequent increases in fees charged.

9. The minimum amount accepted by way of payment into the scheme is an amount calculated to generate termly payments of £1,000 per term, and the maximum is an amount calculated to generate the termly tuition fee at the time of entering the scheme.

10. The parents must meet the difference between the amount per term paid by the school under this scheme and the total school fees due in respect of the pupil each term. This will include increases in fees, extras and expenses incurred by the school on the child's behalf and will be detailed on the termly fee invoice. Payment of any such difference shall be made in accordance with the school's standard terms and conditions. If the termly account is less than the fee composition, the balance will be refunded to the parent or guardian.

Payment of Fees in Advance

11. The school must in all cases receive payment before the beginning of the first term to be covered. For the purposes of the scheme, terms will be deemed to commence as follows:

Spring Term: 2 January

Summer Term: 15 April

Autumn Term: 1 September

Calculation

12. The discount rate, the value of the discount and the single sum advance payment needed for a set number of terms will be advised to parents on application to the Director of Finance and Operations. The single sum payment will be based upon the cost of providing £1,000 per term and multiples thereof to cover a set proportion of school fees up to a maximum of fifteen terms.

13. On receipt, the school will confirm the amount of the composition payment, the number of terms intended to be covered by the arrangement, the applicable discount rate and the amount to be credited against fees each term.

Fee Increases

14. If the school fees are increase (either before or) after a girls has been admitted to the school, the parent is responsible for meeting the difference between the new fees and the termly amount provided under the composition payment.

15. In the event of the general fees being increased, a parent may pay an additional compositional fee to increase the amount of fees covered by the arrangement. The additional composition fee will be calculated in accordance with discount rates applicable at the time the additional arrangement is made.

16. If for any school term during the girl's pupilage the fees are less than the amount secured by the composition fee, an amount equal to the difference will be credited to the pupil's account or, at the end of the girl's pupilage, refunded to the provider of funds.

Withdrawal of a Pupil

17. If a girl for whom a fee composition has been paid does not come to the school (is withdrawn or not admitted) for any reason, then the full amount of the fee composition may be refunded to the provider of funds. To this will be added, as appropriate, simple interest (rate of 1.5% per annum taxable) for the period that funds have been held by the school. Alternatively, at the school's discretion, the fees secured by the composition fee may be transferred to another school. A refund will not be made unless an entry is withdrawn.

18. If a girl for whom a fee composition has been paid does not attend the school for the period covered by the fee composition agreement, whether by starting education after the expected date of entry or by leaving prematurely, there will be refunded for each complete term by which the girl's schooling has fallen short of the number of terms covered by the fee composition agreement, a proportion of the original fee composition sum to cover the number of terms of non-attendance as compared with the full number of terms. If, however, the girl is removed from the school at any time after the acceptance of a place, without due notice, one term's fees will be deducted from the refund. In no circumstances can the amount of any refund exceed the total of the remaining fees secured.

19. No adjustment in the fee composition sum will be allowed in the event of a girl's date of entry being deferred after the sum has been accepted by the school, however, the arrangement will be extended to cover the full number of terms for which the composition amount has been paid, and if appropriate, a proportional repayment calculated will be made in the event of the period of schooling being less than the period originally chosen.

20. The balance of single sum payments can be transferred between pupils at the school who are siblings without restriction.

Award of Scholarships

21. In the event of a pupil, for whom fees have been prepaid, winning a scholarship, the full value of the award will be credited.

TAXATION

22. Parents or other relatives may be concerned with the effect of taxation on the benefit provided under this scheme. At the time of issue of this document, the school is advised that the saving that is made on the fees is not taxable.

23. Since personal financial circumstances can play so large a part in deciding whether or not to enter the scheme and since the school, its governors or its officers cannot accept responsibility for the accuracy of this information. Parents and relatives should, at their discretion, consult their professional advisers.

VAT on Fees – Disclaimer

The school is offering a fees in advance (FIA) scheme for parents whose children are in the school, or who are registered to join the school. This scheme offers a discount and, as it operates under current VAT rules, no VAT is currently due on payments made under the scheme, and it is hoped this will remain so. However, in the event that a change to VAT legislation imposes a VAT charge on school fees, and this change either impacts payments already made into our FIA scheme (e.g., through anti-forestalling legislation) and/or results in an increase in school fees, it is possible that participants of the FIA scheme would not be protected from the change to VAT legislation.

For an application form for Woldingham's fees in advance scheme, please email billing@woldinghamschool.co.uk

If you require further advice or information, please contact Woldingham's Head of Finance:

Telephone: 01883 654063

Email: adzamd@woldinghamschool.co.uk