



The Chafyn Grove School Fees in Advance Scheme Factsheet – 2024

Objective

The objective of this factsheet is to clarify the workings of the Fees in Advance Scheme for parents of Chafyn Grove School.

The objective of the Fees in Advance Scheme is to provide a method whereby the cost of your child's education at Chafyn Grove School can be reduced by making an advance lump sum payment.

The use of this scheme benefits both the parents and the school and the scheme is kept under constant review.

We have set out below some simple FAQ's which cover the basics of how the scheme works, alongside the risks and rewards of entering into the scheme. Having read this document and the related Terms & Conditions document (which must be signed on entering into the scheme), if parents have further questions, they should contact the Head of Finance (Ginny Woodhouse). Alternatively, the Bursar (Michelle Davies) may also be contacted.

Frequently Asked Questions

1. Lump Sum Payments

Q: Can the lump sum payment be made by anyone, even if not a parent/guardian of the child in question?

A: Yes, the payment may be paid by anyone; examples of those likely to make this payment might be parents, guardians, grandparents, godparents. If the payer of the lump sum is different to the signatory to the parent contract, then both the signatory to the parent contract **AND** the payer of the lump sum must sign the FIA Terms and Conditions. The school also reserves the right to conduct the appropriate checks to verify the identity of the payer and the source of funds being paid into the scheme.

Q: How much do I need to put into the scheme?

A: The attached FIA Terms & Conditions specify the maximum number of terms that can be paid into the scheme. Normally, the maximum payment would be an amount equivalent to the maximum number of terms your child could remain at the school. A formal quotation will be provided, setting out the lump sum needed for the number of terms remaining at the school. It is possible to pay a sum lower than this, i.e. for fewer terms. Please just ask for a quotation for the number of terms you would like to pay for (subject to a minimum of 3 terms).

Q: Can the FIA Terms and Conditions be altered once the sum has been paid?

A: The composition rate agreed on entering the scheme, and detailed in the Terms and Conditions at the time of signing, cannot be changed after you have entered the scheme. Although there would normally not be any changes to the T's & C's whilst a member of the scheme, the school reserves the right to vary the T's & C's in the event of the school's charity status being altered, a restructuring of the school, if there is any change to the legal or taxation arrangements surrounding the running of the scheme, or for any other substantive reason. In such a case, members of the scheme will be given a minimum of 3 months' notice of any such change.

Q: What is provided by the lump sum?

A: The lump sum secures payment towards fees at a given amount per term, for the number of terms chosen, beginning and ending on a set school term. It does not guarantee full payment of the fees in the event that fees become due at a rate other than that originally envisaged at the signing of the T's and C's.

In the event that fees are higher than the level originally envisaged, the person responsible for the payment of fees under the parent contract (normally the parent or guardian) is responsible for meeting the difference between the higher fees and the termly amount provided under the Fees in Advance scheme. Alternatively, a further lump sum payment may be made to increase the amount provided, subject to a minimum receipt of £20,000. This top up will be subject to a new Fees in Advance contract made at the time of the further payment, under the Terms and Conditions in force at the time of the top up payment.

Q: How is the discount applied?

A: Each term, the amount of the discount is deducted from the fees due and the child's Fees in Advance pot is reduced by the net amount of the fees due less the discount.

2. Refunds

Q: Can the lump sum be repaid to the payer?

A: The only circumstances under which the lump sum can be repaid to the payer is when a child is withdrawn, excluded, the place cancelled before joining, or the child leaves with funds remaining in the scheme (i.e. the fees have increased at a lower rate than that envisaged in the original formal quotation). The payer is not entitled to a refund for any other reason than these (i.e. a better investment opportunity becomes available).

Q: What would happen if the child in respect of whom a lump sum payment has been made, subsequently receives a fee discount or means-tested bursary?

A: The value of any award will be credited each term against the fees due. However, please note that it is unlikely that the Governor's Bursary Committee would deem a means-tested award appropriate in the case of a child who has a Fees in Advance scheme underway.

Q: If the school ceases to exist, will the lump sum be paid back?

A: Under these circumstances, a payer of a lump sum will be repaid out of any remaining funds of the school, but their status will be that of unsecured creditors.

3. Transfers of Funds

Q: On the departure of a child from the school, can any excess in the Fees in Advance scheme be applied to a sibling at the school?

- A: Yes, any unused portion of the lump sum can be transferred between siblings at the school, subject to a minimum of one term's written notice in accordance with the FIA Terms and Conditions.
- Q: On the departure of a child from the school, can any excess in the Fees in Advance scheme be sent to and used at another school?
- A: No, any unused portion of the lump sum cannot be transferred to another school; it must be repaid to the payer if not transferred to a sibling at the school.

4. Taxation

- Q: Is the payer subject to income or capital gains tax on the fees provided for by the Fees in Advance lump sum payment?
- A: No, the payment of an advance lump sum amount is not currently subject to income tax or capital gains tax. This can create a beneficial means of investing funds, when compared to other less tax efficient means of saving or investing funds. However, please note that tax laws can change, and we suggest that independent professional advice is sought to verify that this is still the case when the payer is ready to make the lump sum payment.
- Q: Are payments subject to Inheritance Tax?
- A: We suggest that independent professional advice is sought to consider personal circumstances; grandparents in particular may wish to seek advice as to whether the payments fall outside the scope of inheritance tax.
- Q: Are payments exempt from VAT?
- A: Yes, school fees are currently exempt from VAT. Under current VAT rules, the receipt of fees paid in advance by way of a lump sum payment, creates a tax point for VAT purposes which ensures that the fees remain VAT-exempt. However, should VAT be introduced on school fees in the future, there may also be new rules introduced which could change this position and/or introduce further legislation which could impact the VAT status of the lump sum payment. If VAT is deemed to be due on the lump sum in the future, the VAT element would be payable by the person who has signed the parent contract.

These FAQ's are produced in accordance with the best information available to Chafyn Grove School at the time of issuing.

Any person may apply to pay an advance lump sum in accordance with the school's Fees in Advance Scheme, provided the child in question is registered for entry to the school, or currently a pupil at the school. A formal Fees in Advance quotation should be sought from the school and then the FIA Terms and Conditions which are published alongside these FAQ's should be completed and forwarded with payment to Chafyn Grove School.