

Charity Registration No. 312732

Company Registration No. 00672569 (England and Wales)

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

G H Stallard	
H C Wisher	
G D Ducharme	
S Parton	
D Hudson	(Appointed 17 May 2021)
G Janakan	(Appointed 17 May 2021)
M Melia	(Appointed 17 May 2021)
T A Meunier	(Appointed 17 May 2021)

Secretary H E Pratt

Charity number 312732

Company number 00672569

Registered office

4 St Germans Place
Blackheath
London
United Kingdom
SE3 0NJ

Auditor

Azets Audit Services
Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

Bankers

Barclay Bank Plc
6 Market Place
Bexleyheath
Kent
DA6 7DY

Key Employees

Head Teacher	A Matthews
Assistant Head Teacher	P Watkins
Bursar	H E Pratt

BLACKHEATH PREP FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL CONTENTS

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BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees, who are also directors and members of the charity for the purposes of the Companies Act 2006, present their annual report and financial statements for the year ended 31 August 2021.

The charitable company changed its name from Blackheath Preparatory School Limited to Blackheath Prep on the 28 June 2021.

These financial statements have been prepared in accordance with the accounting policies set out in Note 1 of the financial statements and comply with the charitable company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

Objectives and Activities

The object of the company, in accordance with its Articles and Association, is the education of children up to the age of 11.

In setting their objectives and planning their activities the trustees have followed the Charity Commission's general guidance on public benefit and its supplementary public benefit guidance on advancing education and on fee charging.

Strategic Aim and Intended Effect

The School's strategic aim is the attainment of the highest academic standards while allowing pupils to benefit from an extensive extra-curricular programme. This is intended to draw out pupils' abilities and academic potential, awaken and develop wider interests in life and motivate them for successful outcomes and transfers to their chosen senior school.

The School seeks to provide a stimulating learning environment, develop children's potential to the full and provide a happy and secure pastoral environment in which pupils can learn to work together to develop a sense of community, respect for one another and good citizenship. The School aims to provide pupils with the opportunity to take advantage of a wide range of extra-curricular activities to develop positively all aspects of their character.

The School seeks to benefit the public through the achievement of its strategic aim. The School's fees are set to ensure both the financial viability of the School and education of the highest quality.

The School is committed to safeguarding and promoting the welfare of its pupils in full compliance with all regulatory requirements. Regular contact with parents is promoted throughout the year whereby parents are given information about their children's academic and social progress.

Principal Activity

The School's principal activity continues to be the operation of a nursery, pre-preparatory and preparatory school in Blackheath, London SE3.

Objectives for the year

Our objectives are set annually to reflect the educational aims and ethos of the school.

In setting the objectives, the Trustees have considered the Charity Commission's general guidance on public benefit and supplementary guidance on advancing education and fee charging.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Our key objectives for the year 2021- 2022 were:

To advance the development program through detailed planning and contract stages and onward towards the initial construction

To invest in the IT infrastructure for the whole school to enable the use of technology

To rename the school to create an inclusive, modern and relevant brand.

To ensure that the school remains at readiness for partial or full closure due to the pandemic

To monitor the national economic position and in the event of the predicted downturn, protect the School roll and manage costs to ensure our continued financial security

To appoint more trustees to reflect the needs of the School

Statement of Compliance with Charity Commission guidance

The trustees have paid due regard to guidance issued by the Charity Commission in determining what activities the charitable company should undertake.

Grant Making Policy

The School can support some pupils through a bursary scheme.

The School is committed to widening public access and recognises that bursaries are a means to ensure that children from low-income families can benefit from the education offered. Bursary awards are currently available to children who meet the entry requirements to the Prep School and are means tested. In assessing means the School considers various factors including family income and assets, investments and savings and family circumstances. Some awards are made to relieve financial hardship where a pupil's continuing education at the School may be at risk.

When determining the number and value of bursaries to be awarded the Trustees are mindful that, as the School has no endowments, the cost of bursaries awarded must not jeopardise the financial security of the School or be to the detriment of fee-paying parents, many of whom make considerable sacrifices to fund their children's education.

Volunteers

The trustees would like to take this opportunity to confirm their appreciation for the continuing valuable support provided by parents and other volunteers. The trustees wish to formally record special thanks to the school's PTFA for their work to raise funds and organise social events for children and parents.

Achievements and Performance

Refurbishment works, including the replacement of the roofs, reconfiguration of internal areas and a full refit of the science lab were all completed.

The School continued to provide a full curriculum under the government COVID guidelines during the year and enhanced IT as part of school operations. This facility can now be used to facilitate remote education to any future classes or individuals isolating at home.

The extensive rebranding culminated in a successful launch in June 2021 which encompasses our new mission and vision statements and seven values that represent the School's approach to learning, support and engagement for local communities

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Our year 6 pupils moved on to a wide range of secondary schools including Alleyn's, BETHS Grammar School, Bexley Grammar School, Bromley High School, Chislehurst and Sidcup Grammar School, City of London School for Girls, Colfe's, Frensham Heights, Dulwich College, Eltham College, James Allen's Girls' School, St Dunstan's, Sevenoaks School and Townley Grammar School. The pupils received the following scholarships in total.

- Academic 35
- Sport 4
- Drama 4
- Art 3
- Music 3
- English 1
- Head's Award

School continued to build partnerships with the local community and the 40th Grange Scout Group, Blackheath School of Dance, LAMDA, Ace of Base Tennis met at the School whilst they were able to do so.

Financial Review

The Trustees consider that the School has adequate resources to continue for the foreseeable future and therefore continue to adopt the going concern basis in preparing financial statements.

The School's principal source of income is school fees which are set at a level to cover operating costs and to provide for appropriate and prudent investment to support the operation of the School. The Trustees intend to maintain this policy to ensure the financial viability of the School consistent with the aim of providing a first-class well-rounded education.

The Financial Statements for the year ended 31st August 2021 report a loss of £705,378 after investment of £933,202 to refurbish the school facilities and enhance the IT infrastructure. This covered several areas of the school including the dining hall, science lab and replacement of roofs around the estate.

The School has a loan facility to fund its previous improvement programme to its buildings and grounds. The balance outstanding on 31st August 2021 was £325,386 (2020: £375,189). The loan was repaid in October 2021.

Reserves

The School's free reserves (presented by unrestricted general funds) decreased and were £5,573,193 on 31st August 2021 (2020 £6,278,571).

The School's liquid reserves, represented by the surplus of current assets over current liabilities, were £2,467,842 on 31st August 2020 (2020: £4,179,272). The Trustees have reviewed the reserves policy and deemed it prudent that an amount representing approximately 25% of annual costs is held as liquid reserves (current assets less short-term liabilities) to ensure the School meets its ongoing requirements. The reserves allow for improvement of the School's facilities

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Principal Risks and Uncertainties

The Trustees assess the major risks to which the School is exposed on an annual basis. These risks are identified and assessed, and controls established. The assessment comprises a review of the external operating environment as well as specific areas including governance, management, human resources, health and safety, technology, curriculum, child protection and finance. The reviews enable the Trustees to establish systems and procedures to mitigate risks and the Trustees are satisfied that such systems continue to operate satisfactorily.

The principal risks that face the school currently are those relating to the School's response to the Covid-19 pandemic and its development programme. The risk posed by the pandemic are recognised by the trustees as potentially affecting all areas of the School's operation, including teaching and learning, health and safety, staffing levels, finances, parental communication and morale. It is expected that these risks will reduce next year in light of the national vaccination program.

Monitoring of risks is undertaken by Trustee oversight through sub-committee and Trustee meetings and operationally managed by the Senior Leadership Team.

The Trustees have identified financial viability as a key risk factor. Financial risk is managed by a policy of prudent financial management, rigorous internal controls and an effective system of review. Finance reports, including projected cash flow and budgetary analyses, are presented to the Trustees regularly.

Future Plans

The Trustees' key objective for the future continues to be to educate all the School's pupils to the highest standards within a environment that that reflects the School's values and future facility aspirations

Governing Document

The Company is governed by its Articles of Association dated 16 May 2012 and is constituted as a limited company, limited by guarantee, as defined by the Companies Act 2006.

Governing Body

The Trustees, who are also required under the Articles to serve as Directors and Members of the Company, form the School's Governing Body and are elected by the Governing Body.

Trustees serve for a term of three years and are eligible to stand for re-election. The Trustees give their time free of charge and no remuneration or expenses were paid in this financial year. No Trustee or person connected with a Trustee received any benefit.

Operational Management

The Trustees meet as a Board to determine the general policy of the Charitable Company and to review its overall management and control, for which they are legally responsible. The day to-day running of the School is delegated to the Head and the Bursar, supported by the Senior Leadership Team.

**BLACKHEATH PREP
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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Remuneration Policy for Senior Staff

Senior Leadership Team remuneration is based on the School's Leadership Pay Scale which in turn is linked to national teaching rates of pay. In determining remuneration, reference is also made to the guidance issued by the Independent Association of Prep Schools (IAPS) of which the School is a member.

Induction and Training of Trustees

The Trustees operate a continuing training programme designed to keep them informed and updated on current issues in the education sector and the regulatory requirements. New Trustees undergo an appropriate induction process.

Structure and Relationships

The School is an active member of IAPS which aims to define and inspire excellence in education.

The School co-operates with local charities in its ongoing endeavours to widen public access to the School. The School has a thriving and active PTFA which works to raise funds for equipment and to organise social events.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees

The trustees, who are the Directors for the purpose of company law, and who served during the year were:

G H Stallard	
H C Wisher	
C H Niven	(Resigned 31 December 2021)
G D Ducharme	
S Parton	
C M Wright	(Resigned 22 March 2021)
E Palmer	(Resigned 6 July 2022)
D Hudson	(Appointed 17 May 2021)
G Janakan	(Appointed 17 May 2021)
M Melia	(Appointed 17 May 2021)
T A Meunier	(Appointed 17 May 2021)

No trustee has any beneficial interest in the charitable company. All of the trustees are also members of the charitable company.

Auditor

In accordance with the charitable company's Articles of Association, a resolution proposing that Azets Audit Services be reappointed as auditor of the charitable company will be put at a general meeting of the Trustees.

Disclosure of information to auditor

The trustees have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware of. The trustees have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



G H Stallard
Trustee

Dated: 08/09/2022

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees, who are also the directors of Blackheath Prep for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLACKHEATH PREP

FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF BLACKHEATH PREP

Opinion

We have audited the financial statements of Blackheath Prep (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, for the year 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 financial statements* section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF BLACKHEATH PREP**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF BLACKHEATH PREP**

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Christopher Nisbet BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

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**Chartered Accountants
Statutory Auditor**

Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds designated 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
<u>Income and endowments from:</u>						
Donations and legacies	3	3,140	-	4,780	7,920	9,981
Charitable activities	4	4,840,075	-	-	4,840,075	4,659,408
Other trading activities	5	11,362	-	-	11,362	5,133
Investments	6	10,626	-	-	10,626	19,092
Other income	7	94,230	-	-	94,230	185,910
Total income		4,959,433	-	4,780	4,964,213	4,879,524
<u>Expenditure on:</u>						
School operating costs	8	5,654,387	-	-	5,654,387	4,690,717
Support costs	9	19,364	-	-	19,364	21,629
Total expenditure		5,673,751	-	-	5,673,751	4,712,346
Net gains/(losses) on investments	12	8,940	-	-	8,940	33,220
Net (outgoing)/incoming resources before transfers		(705,378)	-	4,780	(700,598)	200,398
Gross transfers between funds		600,000	(600,000)	-	-	-
Net movement in funds		(105,378)	(600,000)	4,780	(700,598)	200,398
Fund balances at 1 September 2020		9,565,740	600,000	9,767	10,175,507	9,975,109
Fund balances at 31 August 2021		9,460,362	-	14,547	9,474,909	10,175,507

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

There was movement in restricted funds during the year ended 31 August 2021.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
BALANCE SHEET**

AS AT 31 AUGUST 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	13		37,519		-
Tangible assets	14		6,922,388		6,282,397
Investments	15		47,160		38,220
			<u>7,007,067</u>		<u>6,320,617</u>
Current assets					
Stocks	16		-		739
Debtors	17		59,785		122,426
Cash at bank and in hand			4,404,116		4,983,164
			<u>4,463,901</u>		<u>5,106,329</u>
Creditors: amounts falling due within one year	19		<u>(1,996,059)</u>		<u>(927,057)</u>
Net current assets			2,467,842		4,179,272
Total assets less current liabilities			<u>9,474,909</u>		<u>10,499,889</u>
Creditors: amounts falling due after more than one year	20		-		(324,382)
Net assets			<u>9,474,909</u>		<u>10,175,507</u>
Income funds					
Restricted funds	21		14,547		9,767
Unrestricted funds - designated			-		600,000
Unrestricted funds - general			5,573,193		5,678,571
Revaluation reserve			3,887,169		3,887,169
			<u>9,460,362</u>		<u>9,565,740</u>
			<u>9,474,909</u>		<u>10,175,507</u>

The financial statements were approved by the Trustees on



G H Stallard

Trustee

Company Registration No. 00672569

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	26	282,424		208,987	
Interest paid		(5,710)		(11,528)	
Net cash provided in operating activities		276,714		197,459	
Investing activities					
Purchase of intangible assets		(46,898)		-	
Purchase of tangible fixed assets		(769,686)		-	
Investment income received		10,625		19,092	
Net cash (used in)/generated from investing activities		(805,959)		19,092	
Financing activities					
Repayment of bank loans		(49,803)		(43,251)	
Net cash used in financing activities		(49,803)		(43,251)	
Net (decrease)/increase in cash and cash equivalents		(579,048)		173,300	
Cash and cash equivalents at beginning of year		4,983,164		4,809,864	
Cash and cash equivalents at end of year		4,404,116		4,983,164	

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Charity information

Blackheath Prep is a private company limited by guarantee incorporated in England and Wales. The registered office is 4 St Germans Place, Blackheath, London, SE3 0NJ, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charitable company.

1.4 Incoming resources

Income is recognised when the charitable company 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.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company 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.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.5 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website costs

1.7 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years
School equipment	5 years
Fixtures and fittings	5 years
Office equipment	5 years
Catering equipment	5 years

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.

All computer and school equipment under £1,000 is written off in the year of expenditure.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies **(Continued)**

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the charitable company 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).

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.11 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.

1.12 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure), except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies **(Continued)**

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The charitable company contributes to the Teachers' Pension Scheme at rates set by the Scheme Actuary and advised to the charitable company by the Scheme Administrator. The scheme is a multi-employer pension scheme, and it is not possible to identify the assets and liabilities of the scheme which are attributable to the charitable company. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees 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 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.

3 Donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Donations and gifts	3,140	4,780	7,920	9,981	-	9,981
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

4 Charitable activities

	Operation of a private school 2021 £	Operation of a private school 2020 £
School fees receivable	4,840,075	4,659,408

5 Other trading activities

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Rental of premises and facilities	11,362	5,133

6 Investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Income from unlisted investments	1,230	-
Bank interest received	9,396	19,092
	<u>10,626</u>	<u>19,092</u>

7 Other income

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Job retention scheme	80,886	185,910
Miscellaneous income	13,344	-
	<u>94,230</u>	<u>185,910</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 School operating costs

	Staff costs	Other	Depreciation	Total	Staff costs	Other	Depreciation	Total
	£	£	£	£	£	£	£	£
Teaching costs	2,980,307	119,378	8,550	3,108,235	2,870,521	165,283	12,834	3,048,638
Welfare costs	28,140	247,364	-	275,504	60,811	183,329	-	244,140
Premises costs	43,980	940,162	130,525	1,114,667	53,093	298,453	126,211	477,757
Other operating costs	866,896	289,085	-	1,155,981	755,742	164,440	-	920,182
	<u>3,919,323</u>	<u>1,595,989</u>	<u>139,075</u>	<u>5,654,387</u>	<u>3,740,167</u>	<u>811,505</u>	<u>139,045</u>	<u>4,690,717</u>
Analysis by fund								
Unrestricted funds	3,919,323	1,595,989	139,075	5,654,387	3,740,167	811,505	139,045	4,690,717
Restricted funds	-	-	-	-	-	-	-	-
	<u>3,919,323</u>	<u>1,595,989</u>	<u>139,075</u>	<u>5,654,387</u>	<u>3,740,167</u>	<u>811,505</u>	<u>139,045</u>	<u>4,690,717</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

9 Support costs

	Unrestricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Total 2020 £
Bank charges	2,291	2,291	2,031	2,031
Bank loan interest	5,710	5,710	8,423	8,423
Auditors' remuneration	11,363	11,363	11,175	11,175
	<u>19,364</u>	<u>19,364</u>	<u>21,629</u>	<u>21,629</u>

10 Trustees

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

11 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Teaching	60	60
Domestic	20	20
Administration	12	12
Total	<u>92</u>	<u>92</u>

Employment costs

	2021 £	2020 £
Wages and salaries	3,115,986	2,991,456
Social security costs	309,431	298,402
Other pension costs	493,906	450,308
	<u>3,919,323</u>	<u>3,740,166</u>

Included in employment costs is termination payments of £10,519 (2020: £36,704).

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

11 Employees

(Continued)

The number of employees whose annual remuneration, excluding employer social security costs and pension contributions, was £60,000 or more were:

	2021	2020
	Number	Number
£60,001 - £70,000	3	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
	<u>6</u>	<u>3</u>

12 Net gains/(losses) on investments

	Unrestricted	Unrestricted
	funds	funds
	2021	2020
	£	£
Revaluation of investments	8,940	33,220
	<u>8,940</u>	<u>33,220</u>

The charitable company benefitted from an unrealised gain in the value of an investment, resulting from a generous parental gift to charitable company a number of years ago. The charitable company's intention is to allocate these funds, when realised, to a worthy project, when appropriate, in recognition of this gift.

13 Intangible fixed assets

	Website costs
	£
Cost	
At 1 September 2020	-
Additions	46,898
	<u>46,898</u>
At 31 August 2021	46,898
	<u>46,898</u>
Amortisation and impairment	
At 1 September 2020	-
Amortisation charged for the year	9,379
	<u>9,379</u>
At 31 August 2021	9,379
	<u>9,379</u>
Carrying amount	
At 31 August 2021	37,519
	<u>37,519</u>
At 31 August 2020	-
	<u>-</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

	Freehold land and buildings £	School equipment £	Fixtures and fittings £	Office equipment £	Catering equipment £	Total £
Cost or valuation						
At 1 September 2020	7,032,291	211,351	263,044	7,948	115,884	7,630,518
Additions	605,870	4,572	153,348	5,896	-	769,686
Disposals	(252,223)	-	(43,963)	-	-	(296,186)
At 31 August 2021	7,385,938	215,923	372,429	13,844	115,884	8,104,018
Depreciation and impairment						
At 1 September 2020	756,054	211,351	261,053	7,948	111,715	1,348,121
Depreciation charged in the year	121,146	915	1,991	1,474	4,169	129,695
Eliminated in respect of disposals	(252,223)	-	(43,963)	-	-	(296,186)
At 31 August 2021	624,977	212,266	219,081	9,422	115,884	1,181,630
Carrying amount						
At 31 August 2021	6,760,961	3,657	153,348	4,422	-	6,922,388
At 31 August 2020	6,276,237	-	1,991	-	4,169	6,282,397

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

(Continued)

The freehold property was revalued on 31 August 2014 by Michael Parkes, Chartered Surveyors, as a specialised property on an open market value basis at £7,000,000. This valuation was adopted as deemed cost on transition to FRS 102 on 1 September 2014. Subsequent additions at cost have been added to this valuation at the balance sheet date.

Included in cost or valuation of land and buildings is an estimated underlying value of freehold land of £762,000 (2020: £762,000).

All the tangible fixed assets are used directly for charitable purposes.

15 Fixed asset investments

	Unlisted investments 2021 £
Cost or valuation	
At 1 September 2020	38,220
Valuation changes	8,940
	<hr/>
At 31 August 2021	47,160
	<hr/>
Carrying amount	
At 31 August 2021	47,160
	<hr/> <hr/>
At 31 August 2020	38,220
	<hr/> <hr/>

There were no fixed asset investments outside the United Kingdom.

16 Stocks

	2021 £	2020 £
Finished goods and goods for resale	-	739
	<hr/> <hr/>	<hr/> <hr/>

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	8,925	25,113
Other debtors	3,359	39,208
Prepayments and accrued income	47,501	58,105
	<hr/>	<hr/>
	59,785	122,426
	<hr/> <hr/>	<hr/> <hr/>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

18 Loans and overdrafts

	2021	2020
	£	£
Bank loans	325,386	375,189
Payable within one year	325,386	50,807
Payable after one year	-	324,382
Amounts included above which fall due after five years:		
Payable by instalments	-	122,259

The bank loan was repaid in full on the 18 October 2021, so at the date of the approval of the charitable company's financial statements, there is no outstanding balance.

19 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	18	325,386	50,807
Other taxation and social security		84,686	73,142
Trade creditors		126,441	31,108
Other creditors		381,207	413,697
Accruals and deferred income		1,078,339	358,303
		1,996,059	927,057

20 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans	18	-	324,382

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 August 2021
	Balance at 1 September 2019	Incoming resources	Balance at 1 September 2020	Incoming resources	
	£	£	£	£	£
Restricted funds	9,767	-	9,767	4,780	14,547
	<u>9,767</u>	<u>-</u>	<u>9,767</u>	<u>4,780</u>	<u>14,547</u>

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds		Balance at 31 August 2021
	Balance at 1 September 2020	Transfers	
	£	£	£
Improvements and repairs fund	600,000	600,000	-
	<u>600,000</u>	<u>600,000</u>	<u>-</u>
	<u>600,000</u>	<u>600,000</u>	<u>-</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

23 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 August 2021 are represented by:								
Intangible fixed assets	37,519	-	-	37,519	-	-	-	-
Tangible assets	6,922,388	-	-	6,922,388	6,282,397	-	-	6,282,397
Investments	47,160	-	-	47,160	38,220	-	-	38,220
Current assets/(liabilities)	2,453,295	-	14,547	2,467,842	3,569,505	600,000	9,767	4,179,272
Long term liabilities	-	-	-	-	(324,382)	-	-	(324,382)
	<u>9,460,362</u>	<u>-</u>	<u>14,547</u>	<u>9,474,909</u>	<u>9,565,740</u>	<u>600,000</u>	<u>9,767</u>	<u>10,175,507</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

24 Related party transactions

There were no related party transactions to disclose during the year ended 31 August 2021 (2020: £nil)

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	359,914	310,276
	<u>359,914</u>	<u>310,276</u>

25 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	35,320	10,755
Between two and five years	34,719	16,133
	<u>70,039</u>	<u>26,888</u>

26 Cash generated from operations

	2021	2020
	£	£
(Deficit)/surplus for the year	(700,598)	200,398
Adjustments for:		
Investment income recognised in statement of financial activities	(10,626)	(19,092)
Interest paid	5,710	11,528
Fair value gains and losses on investments	(8,940)	(33,220)
Depreciation and impairment of tangible fixed assets	139,075	178,263
Movements in working capital:		
Decrease in stocks	739	-
Decrease in debtors	62,641	31,433
Increase/(decrease) in creditors	794,423	(160,323)
Cash generated from operations	<u>282,424</u>	<u>208,987</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

27 Analysis of changes in net funds

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	4,983,164	(579,048)	4,404,116
Loans falling due within one year	(50,807)	(274,579)	(325,386)
Loans falling due after more than one year	(324,382)	324,382	-
	<u>4,607,975</u>	<u>(529,245)</u>	<u>4,078,730</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

28 Pension contributions

Teaching staff

The charitable company participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes employer contributions payable to the TPS of £431,594 (2020: £412,085) and at the year-end £36,313 (2020: £33,304) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014 (as amended). 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's Department. The latest actuarial valuation of the TPS was prepared as 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 the total employer payment rate of 16.48%.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent valuation was prepared as at 31 March 2016 and the valuation report, which was published in March 2019, confirmed an employer contribution rate for the TPS of 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08%, giving a total employer contribution rate of 23.68%.

The 31 March 2016 valuation report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including Teachers' Pensions.

On 27 June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions, the assumptions used in the 31 March 2016 actuarial valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in that actuarial valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal, it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

Non-teaching staff

The charitable company contributes to a defined contribution stakeholder scheme for some non-teaching staff. The charitable company's pension arrangements are in compliance with the requirements of the Pension Auto Enrolment Regulations. The employer contributions paid for non-teaching staff were £63,313 (2020: £35,985).

Charity Registration No. 312732

Company Registration No. 00672569 (England and Wales)

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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

G H Stallard	
H C Wisher	
G D Ducharme	
S Parton	
D Hudson	(Appointed 17 May 2021)
G Janakan	(Appointed 17 May 2021)
M Melia	(Appointed 17 May 2021)
T A Meunier	(Appointed 17 May 2021)

Secretary H E Pratt

Charity number 312732

Company number 00672569

Registered office

4 St Germans Place
Blackheath
London
United Kingdom
SE3 0NJ

Auditor

Azets Audit Services
Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

Bankers

Barclay Bank Plc
6 Market Place
Bexleyheath
Kent
DA6 7DY

Key Employees

Head Teacher	A Matthews
Assistant Head Teacher	P Watkins
Bursar	H E Pratt

BLACKHEATH PREP FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL CONTENTS

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BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees, who are also directors and members of the charity for the purposes of the Companies Act 2006, present their annual report and financial statements for the year ended 31 August 2021.

The charitable company changed its name from Blackheath Preparatory School Limited to Blackheath Prep on the 28 June 2021.

These financial statements have been prepared in accordance with the accounting policies set out in Note 1 of the financial statements and comply with the charitable company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

Objectives and Activities

The object of the company, in accordance with its Articles and Association, is the education of children up to the age of 11.

In setting their objectives and planning their activities the trustees have followed the Charity Commission's general guidance on public benefit and its supplementary public benefit guidance on advancing education and on fee charging.

Strategic Aim and Intended Effect

The School's strategic aim is the attainment of the highest academic standards while allowing pupils to benefit from an extensive extra-curricular programme. This is intended to draw out pupils' abilities and academic potential, awaken and develop wider interests in life and motivate them for successful outcomes and transfers to their chosen senior school.

The School seeks to provide a stimulating learning environment, develop children's potential to the full and provide a happy and secure pastoral environment in which pupils can learn to work together to develop a sense of community, respect for one another and good citizenship. The School aims to provide pupils with the opportunity to take advantage of a wide range of extra-curricular activities to develop positively all aspects of their character.

The School seeks to benefit the public through the achievement of its strategic aim. The School's fees are set to ensure both the financial viability of the School and education of the highest quality.

The School is committed to safeguarding and promoting the welfare of its pupils in full compliance with all regulatory requirements. Regular contact with parents is promoted throughout the year whereby parents are given information about their children's academic and social progress.

Principal Activity

The School's principal activity continues to be the operation of a nursery, pre-preparatory and preparatory school in Blackheath, London SE3.

Objectives for the year

Our objectives are set annually to reflect the educational aims and ethos of the school.

In setting the objectives, the Trustees have considered the Charity Commission's general guidance on public benefit and supplementary guidance on advancing education and fee charging.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Our key objectives for the year 2021- 2022 were:

To advance the development program through detailed planning and contract stages and onward towards the initial construction

To invest in the IT infrastructure for the whole school to enable the use of technology

To rename the school to create an inclusive, modern and relevant brand.

To ensure that the school remains at readiness for partial or full closure due to the pandemic

To monitor the national economic position and in the event of the predicted downturn, protect the School roll and manage costs to ensure our continued financial security

To appoint more trustees to reflect the needs of the School

Statement of Compliance with Charity Commission guidance

The trustees have paid due regard to guidance issued by the Charity Commission in determining what activities the charitable company should undertake.

Grant Making Policy

The School can support some pupils through a bursary scheme.

The School is committed to widening public access and recognises that bursaries are a means to ensure that children from low-income families can benefit from the education offered. Bursary awards are currently available to children who meet the entry requirements to the Prep School and are means tested. In assessing means the School considers various factors including family income and assets, investments and savings and family circumstances. Some awards are made to relieve financial hardship where a pupil's continuing education at the School may be at risk.

When determining the number and value of bursaries to be awarded the Trustees are mindful that, as the School has no endowments, the cost of bursaries awarded must not jeopardise the financial security of the School or be to the detriment of fee-paying parents, many of whom make considerable sacrifices to fund their children's education.

Volunteers

The trustees would like to take this opportunity to confirm their appreciation for the continuing valuable support provided by parents and other volunteers. The trustees wish to formally record special thanks to the school's PTFA for their work to raise funds and organise social events for children and parents.

Achievements and Performance

Refurbishment works, including the replacement of the roofs, reconfiguration of internal areas and a full refit of the science lab were all completed.

The School continued to provide a full curriculum under the government COVID guidelines during the year and enhanced IT as part of school operations. This facility can now be used to facilitate remote education to any future classes or individuals isolating at home.

The extensive rebranding culminated in a successful launch in June 2021 which encompasses our new mission and vision statements and seven values that represent the School's approach to learning, support and engagement for local communities

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Our year 6 pupils moved on to a wide range of secondary schools including Alleyn's, BETHS Grammar School, Bexley Grammar School, Bromley High School, Chislehurst and Sidcup Grammar School, City of London School for Girls, Colfe's, Frensham Heights, Dulwich College, Eltham College, James Allen's Girls' School, St Dunstan's, Sevenoaks School and Townley Grammar School. The pupils received the following scholarships in total.

- Academic 35
- Sport 4
- Drama 4
- Art 3
- Music 3
- English 1
- Head's Award

School continued to build partnerships with the local community and the 40th Grange Scout Group, Blackheath School of Dance, LAMDA, Ace of Base Tennis met at the School whilst they were able to do so.

Financial Review

The Trustees consider that the School has adequate resources to continue for the foreseeable future and therefore continue to adopt the going concern basis in preparing financial statements.

The School's principal source of income is school fees which are set at a level to cover operating costs and to provide for appropriate and prudent investment to support the operation of the School. The Trustees intend to maintain this policy to ensure the financial viability of the School consistent with the aim of providing a first-class well-rounded education.

The Financial Statements for the year ended 31st August 2021 report a loss of £705,378 after investment of £933,202 to refurbish the school facilities and enhance the IT infrastructure. This covered several areas of the school including the dining hall, science lab and replacement of roofs around the estate.

The School has a loan facility to fund its previous improvement programme to its buildings and grounds. The balance outstanding on 31st August 2021 was £325,386 (2020: £375,189). The loan was repaid in October 2021.

Reserves

The School's free reserves (presented by unrestricted general funds) decreased and were £5,573,193 on 31st August 2021 (2020 £6,278,571).

The School's liquid reserves, represented by the surplus of current assets over current liabilities, were £2,467,842 on 31st August 2020 (2020: £4,179,272). The Trustees have reviewed the reserves policy and deemed it prudent that an amount representing approximately 25% of annual costs is held as liquid reserves (current assets less short-term liabilities) to ensure the School meets its ongoing requirements. The reserves allow for improvement of the School's facilities

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Principal Risks and Uncertainties

The Trustees assess the major risks to which the School is exposed on an annual basis. These risks are identified and assessed, and controls established. The assessment comprises a review of the external operating environment as well as specific areas including governance, management, human resources, health and safety, technology, curriculum, child protection and finance. The reviews enable the Trustees to establish systems and procedures to mitigate risks and the Trustees are satisfied that such systems continue to operate satisfactorily.

The principal risks that face the school currently are those relating to the School's response to the Covid-19 pandemic and its development programme. The risk posed by the pandemic are recognised by the trustees as potentially affecting all areas of the School's operation, including teaching and learning, health and safety, staffing levels, finances, parental communication and morale. It is expected that these risks will reduce next year in light of the national vaccination program.

Monitoring of risks is undertaken by Trustee oversight through sub-committee and Trustee meetings and operationally managed by the Senior Leadership Team.

The Trustees have identified financial viability as a key risk factor. Financial risk is managed by a policy of prudent financial management, rigorous internal controls and an effective system of review. Finance reports, including projected cash flow and budgetary analyses, are presented to the Trustees regularly.

Future Plans

The Trustees' key objective for the future continues to be to educate all the School's pupils to the highest standards within a environment that that reflects the School's values and future facility aspirations

Governing Document

The Company is governed by its Articles of Association dated 16 May 2012 and is constituted as a limited company, limited by guarantee, as defined by the Companies Act 2006.

Governing Body

The Trustees, who are also required under the Articles to serve as Directors and Members of the Company, form the School's Governing Body and are elected by the Governing Body.

Trustees serve for a term of three years and are eligible to stand for re-election. The Trustees give their time free of charge and no remuneration or expenses were paid in this financial year. No Trustee or person connected with a Trustee received any benefit.

Operational Management

The Trustees meet as a Board to determine the general policy of the Charitable Company and to review its overall management and control, for which they are legally responsible. The day to-day running of the School is delegated to the Head and the Bursar, supported by the Senior Leadership Team.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Remuneration Policy for Senior Staff

Senior Leadership Team remuneration is based on the School's Leadership Pay Scale which in turn is linked to national teaching rates of pay. In determining remuneration, reference is also made to the guidance issued by the Independent Association of Prep Schools (IAPS) of which the School is a member.

Induction and Training of Trustees

The Trustees operate a continuing training programme designed to keep them informed and updated on current issues in the education sector and the regulatory requirements. New Trustees undergo an appropriate induction process.

Structure and Relationships

The School is an active member of IAPS which aims to define and inspire excellence in education.

The School co-operates with local charities in its ongoing endeavours to widen public access to the School. The School has a thriving and active PTFA which works to raise funds for equipment and to organise social events.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees

The trustees, who are the Directors for the purpose of company law, and who served during the year were:

G H Stallard	
H C Wisher	
C H Niven	(Resigned 31 December 2021)
G D Ducharme	
S Parton	
C M Wright	(Resigned 22 March 2021)
E Palmer	(Resigned 6 July 2022)
D Hudson	(Appointed 17 May 2021)
G Janakan	(Appointed 17 May 2021)
M Melia	(Appointed 17 May 2021)
T A Meunier	(Appointed 17 May 2021)

No trustee has any beneficial interest in the charitable company. All of the trustees are also members of the charitable company.

Auditor

In accordance with the charitable company's Articles of Association, a resolution proposing that Azets Audit Services be reappointed as auditor of the charitable company will be put at a general meeting of the Trustees.

Disclosure of information to auditor

The trustees have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware of. The trustees have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



G H Stallard
Trustee

Dated: 08/09/2022

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees, who are also the directors of Blackheath Prep for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLACKHEATH PREP FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BLACKHEATH PREP

Opinion

We have audited the financial statements of Blackheath Prep (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, for the year 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 financial statements* section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF BLACKHEATH PREP**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE TRUSTEES OF BLACKHEATH PREP**

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Christopher Nisbet BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

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**Chartered Accountants
Statutory Auditor**

Suites B & D
Burnham Yard
Beaconsfield
Bucks
HP9 2JH

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds	Unrestricted funds designated	Restricted funds	Total	Total
	Notes	2021 £	2021 £	2021 £	2021 £	2020 £
<u>Income and endowments from:</u>						
Donations and legacies	3	3,140	-	4,780	7,920	9,981
Charitable activities	4	4,840,075	-	-	4,840,075	4,659,408
Other trading activities	5	11,362	-	-	11,362	5,133
Investments	6	10,626	-	-	10,626	19,092
Other income	7	94,230	-	-	94,230	185,910
Total income		4,959,433	-	4,780	4,964,213	4,879,524
<u>Expenditure on:</u>						
School operating costs	8	5,654,387	-	-	5,654,387	4,690,717
Support costs	9	19,364	-	-	19,364	21,629
Total expenditure		5,673,751	-	-	5,673,751	4,712,346
Net gains/(losses) on investments	12	8,940	-	-	8,940	33,220
Net (outgoing)/incoming resources before transfers		(705,378)	-	4,780	(700,598)	200,398
Gross transfers between funds		600,000	(600,000)	-	-	-
Net movement in funds		(105,378)	(600,000)	4,780	(700,598)	200,398
Fund balances at 1 September 2020		9,565,740	600,000	9,767	10,175,507	9,975,109
Fund balances at 31 August 2021		9,460,362	-	14,547	9,474,909	10,175,507

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

There was movement in restricted funds during the year ended 31 August 2021.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
BALANCE SHEET**

AS AT 31 AUGUST 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	13		37,519		-
Tangible assets	14		6,922,388		6,282,397
Investments	15		47,160		38,220
			<u>7,007,067</u>		<u>6,320,617</u>
Current assets					
Stocks	16		-		739
Debtors	17		59,785		122,426
Cash at bank and in hand			4,404,116		4,983,164
			<u>4,463,901</u>		<u>5,106,329</u>
Creditors: amounts falling due within one year	19		<u>(1,996,059)</u>		<u>(927,057)</u>
Net current assets			2,467,842		4,179,272
Total assets less current liabilities			<u>9,474,909</u>		<u>10,499,889</u>
Creditors: amounts falling due after more than one year	20		-		(324,382)
Net assets			<u>9,474,909</u>		<u>10,175,507</u>
Income funds					
Restricted funds	21		14,547		9,767
Unrestricted funds - designated			-		600,000
Unrestricted funds - general			5,573,193		5,678,571
Revaluation reserve			3,887,169		3,887,169
			<u>9,460,362</u>		<u>9,565,740</u>
			<u>9,474,909</u>		<u>10,175,507</u>

The financial statements were approved by the Trustees on



G H Stallard

Trustee

Company Registration No. 00672569

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	26	282,424		208,987	
Interest paid		(5,710)		(11,528)	
Net cash provided in operating activities		276,714		197,459	
Investing activities					
Purchase of intangible assets		(46,898)		-	
Purchase of tangible fixed assets		(769,686)		-	
Investment income received		10,625		19,092	
Net cash (used in)/generated from investing activities		(805,959)		19,092	
Financing activities					
Repayment of bank loans		(49,803)		(43,251)	
Net cash used in financing activities		(49,803)		(43,251)	
Net (decrease)/increase in cash and cash equivalents		(579,048)		173,300	
Cash and cash equivalents at beginning of year		4,983,164		4,809,864	
Cash and cash equivalents at end of year		4,404,116		4,983,164	

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Charity information

Blackheath Prep is a private company limited by guarantee incorporated in England and Wales. The registered office is 4 St Germans Place, Blackheath, London, SE3 0NJ, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charitable company.

1.4 Incoming resources

Income is recognised when the charitable company 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.

Cash donations are recognised on receipt. Other donations are recognised once the charitable company 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.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.5 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website costs

1.7 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years
School equipment	5 years
Fixtures and fittings	5 years
Office equipment	5 years
Catering equipment	5 years

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.

All computer and school equipment under £1,000 is written off in the year of expenditure.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies **(Continued)**

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the charitable company 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).

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.11 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.

1.12 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure), except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies **(Continued)**

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The charitable company contributes to the Teachers' Pension Scheme at rates set by the Scheme Actuary and advised to the charitable company by the Scheme Administrator. The scheme is a multi-employer pension scheme, and it is not possible to identify the assets and liabilities of the scheme which are attributable to the charitable company. In accordance with FRS 102 therefore, the scheme is accounted for as a defined contribution scheme.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees 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 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.

3 Donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Donations and gifts	3,140	4,780	7,920	9,981	-	9,981
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

4 Charitable activities

	Operation of a private school 2021 £	Operation of a private school 2020 £
School fees receivable	4,840,075	4,659,408

5 Other trading activities

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Rental of premises and facilities	11,362	5,133

6 Investments

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Income from unlisted investments	1,230	-
Bank interest received	9,396	19,092
	<u>10,626</u>	<u>19,092</u>

7 Other income

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Job retention scheme	80,886	185,910
Miscellaneous income	13,344	-
	<u>94,230</u>	<u>185,910</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

8 School operating costs

	Staff costs	Other	Depreciation	Total	Staff costs	Other	Depreciation	Total
	£	£	£	£	£	£	£	£
Teaching costs	2,980,307	119,378	8,550	3,108,235	2,870,521	165,283	12,834	3,048,638
Welfare costs	28,140	247,364	-	275,504	60,811	183,329	-	244,140
Premises costs	43,980	940,162	130,525	1,114,667	53,093	298,453	126,211	477,757
Other operating costs	866,896	289,085	-	1,155,981	755,742	164,440	-	920,182
	<u>3,919,323</u>	<u>1,595,989</u>	<u>139,075</u>	<u>5,654,387</u>	<u>3,740,167</u>	<u>811,505</u>	<u>139,045</u>	<u>4,690,717</u>
Analysis by fund								
Unrestricted funds	3,919,323	1,595,989	139,075	5,654,387	3,740,167	811,505	139,045	4,690,717
Restricted funds	-	-	-	-	-	-	-	-
	<u>3,919,323</u>	<u>1,595,989</u>	<u>139,075</u>	<u>5,654,387</u>	<u>3,740,167</u>	<u>811,505</u>	<u>139,045</u>	<u>4,690,717</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

9 Support costs

	Unrestricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Total 2020 £
Bank charges	2,291	2,291	2,031	2,031
Bank loan interest	5,710	5,710	8,423	8,423
Auditors' remuneration	11,363	11,363	11,175	11,175
	<u>19,364</u>	<u>19,364</u>	<u>21,629</u>	<u>21,629</u>

10 Trustees

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

11 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Teaching	60	60
Domestic	20	20
Administration	12	12
Total	<u>92</u>	<u>92</u>

Employment costs

	2021 £	2020 £
Wages and salaries	3,115,986	2,991,456
Social security costs	309,431	298,402
Other pension costs	493,906	450,308
	<u>3,919,323</u>	<u>3,740,166</u>

Included in employment costs is termination payments of £10,519 (2020: £36,704).

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

11 Employees

(Continued)

The number of employees whose annual remuneration, excluding employer social security costs and pension contributions, was £60,000 or more were:

	2021	2020
	Number	Number
£60,001 - £70,000	3	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
	<u>6</u>	<u>3</u>

12 Net gains/(losses) on investments

	Unrestricted	Unrestricted
	funds	funds
	2021	2020
	£	£
Revaluation of investments	8,940	33,220
	<u>8,940</u>	<u>33,220</u>

The charitable company benefitted from an unrealised gain in the value of an investment, resulting from a generous parental gift to charitable company a number of years ago. The charitable company's intention is to allocate these funds, when realised, to a worthy project, when appropriate, in recognition of this gift.

13 Intangible fixed assets

	Website costs
	£
Cost	
At 1 September 2020	-
Additions	46,898
	<u>46,898</u>
At 31 August 2021	46,898
	<u>46,898</u>
Amortisation and impairment	
At 1 September 2020	-
Amortisation charged for the year	9,379
	<u>9,379</u>
At 31 August 2021	9,379
	<u>9,379</u>
Carrying amount	
At 31 August 2021	37,519
	<u>37,519</u>
At 31 August 2020	-
	<u>-</u>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

	Freehold land and buildings £	School equipment £	Fixtures and fittings £	Office equipment £	Catering equipment £	Total £
Cost or valuation						
At 1 September 2020	7,032,291	211,351	263,044	7,948	115,884	7,630,518
Additions	605,870	4,572	153,348	5,896	-	769,686
Disposals	(252,223)	-	(43,963)	-	-	(296,186)
At 31 August 2021	7,385,938	215,923	372,429	13,844	115,884	8,104,018
Depreciation and impairment						
At 1 September 2020	756,054	211,351	261,053	7,948	111,715	1,348,121
Depreciation charged in the year	121,146	915	1,991	1,474	4,169	129,695
Eliminated in respect of disposals	(252,223)	-	(43,963)	-	-	(296,186)
At 31 August 2021	624,977	212,266	219,081	9,422	115,884	1,181,630
Carrying amount						
At 31 August 2021	6,760,961	3,657	153,348	4,422	-	6,922,388
At 31 August 2020	6,276,237	-	1,991	-	4,169	6,282,397

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

(Continued)

The freehold property was revalued on 31 August 2014 by Michael Parkes, Chartered Surveyors, as a specialised property on an open market value basis at £7,000,000. This valuation was adopted as deemed cost on transition to FRS 102 on 1 September 2014. Subsequent additions at cost have been added to this valuation at the balance sheet date.

Included in cost or valuation of land and buildings is an estimated underlying value of freehold land of £762,000 (2020: £762,000).

All the tangible fixed assets are used directly for charitable purposes.

15 Fixed asset investments

	Unlisted investments 2021 £
Cost or valuation	
At 1 September 2020	38,220
Valuation changes	8,940
	<hr/>
At 31 August 2021	47,160
	<hr/>
Carrying amount	
At 31 August 2021	47,160
	<hr/> <hr/>
At 31 August 2020	38,220
	<hr/> <hr/>

There were no fixed asset investments outside the United Kingdom.

16 Stocks

	2021 £	2020 £
Finished goods and goods for resale	-	739
	<hr/> <hr/>	<hr/> <hr/>

17 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	8,925	25,113
Other debtors	3,359	39,208
Prepayments and accrued income	47,501	58,105
	<hr/>	<hr/>
	59,785	122,426
	<hr/> <hr/>	<hr/> <hr/>

BLACKHEATH PREP
FORMERLY KNOWN AS BLACKHEATH PREPARATORY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

18 Loans and overdrafts

	2021	2020
	£	£
Bank loans	325,386	375,189
	<u>325,386</u>	<u>375,189</u>
Payable within one year	325,386	50,807
Payable after one year	-	324,382
	<u>325,386</u>	<u>375,189</u>
Amounts included above which fall due after five years:		
Payable by instalments	-	122,259
	<u>-</u>	<u>122,259</u>

The bank loan was repaid in full on the 18 October 2021, so at the date of the approval of the charitable company's financial statements, there is no outstanding balance.

19 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	18	325,386	50,807
Other taxation and social security		84,686	73,142
Trade creditors		126,441	31,108
Other creditors		381,207	413,697
Accruals and deferred income		1,078,339	358,303
		<u>1,996,059</u>	<u>927,057</u>

20 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans	18	-	324,382
		<u>-</u>	<u>324,382</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

21 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 August 2021
	Balance at 1 September 2019	Incoming resources	Balance at 1 September 2020	Incoming resources	
	£	£	£	£	£
Restricted funds	9,767	-	9,767	4,780	14,547
	<u>9,767</u>	<u>-</u>	<u>9,767</u>	<u>4,780</u>	<u>14,547</u>

22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds		Balance at 31 August 2021
	Balance at 1 September 2020	Transfers	
	£	£	£
Improvements and repairs fund	600,000	600,000	-
	<u>600,000</u>	<u>600,000</u>	<u>-</u>
	<u>600,000</u>	<u>600,000</u>	<u>-</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

23 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 August 2021 are represented by:								
Intangible fixed assets	37,519	-	-	37,519	-	-	-	-
Tangible assets	6,922,388	-	-	6,922,388	6,282,397	-	-	6,282,397
Investments	47,160	-	-	47,160	38,220	-	-	38,220
Current assets/(liabilities)	2,453,295	-	14,547	2,467,842	3,569,505	600,000	9,767	4,179,272
Long term liabilities	-	-	-	-	(324,382)	-	-	(324,382)
	<u>9,460,362</u>	<u>-</u>	<u>14,547</u>	<u>9,474,909</u>	<u>9,565,740</u>	<u>600,000</u>	<u>9,767</u>	<u>10,175,507</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

24 Related party transactions

There were no related party transactions to disclose during the year ended 31 August 2021 (2020: £nil)

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	359,914	310,276
	<u>359,914</u>	<u>310,276</u>

25 Operating lease commitments

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	35,320	10,755
Between two and five years	34,719	16,133
	<u>70,039</u>	<u>26,888</u>

26 Cash generated from operations

	2021	2020
	£	£
(Deficit)/surplus for the year	(700,598)	200,398
Adjustments for:		
Investment income recognised in statement of financial activities	(10,626)	(19,092)
Interest paid	5,710	11,528
Fair value gains and losses on investments	(8,940)	(33,220)
Depreciation and impairment of tangible fixed assets	139,075	178,263
Movements in working capital:		
Decrease in stocks	739	-
Decrease in debtors	62,641	31,433
Increase/(decrease) in creditors	794,423	(160,323)
Cash generated from operations	<u>282,424</u>	<u>208,987</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

27 Analysis of changes in net funds

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	4,983,164	(579,048)	4,404,116
Loans falling due within one year	(50,807)	(274,579)	(325,386)
Loans falling due after more than one year	(324,382)	324,382	-
	<u>4,607,975</u>	<u>(529,245)</u>	<u>4,078,730</u>

BLACKHEATH PREP
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

28 Pension contributions

Teaching staff

The charitable company participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes employer contributions payable to the TPS of £431,594 (2020: £412,085) and at the year-end £36,313 (2020: £33,304) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014 (as amended). 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's Department. The latest actuarial valuation of the TPS was prepared as 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 the total employer payment rate of 16.48%.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent valuation was prepared as at 31 March 2016 and the valuation report, which was published in March 2019, confirmed an employer contribution rate for the TPS of 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08%, giving a total employer contribution rate of 23.68%.

The 31 March 2016 valuation report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including Teachers' Pensions.

On 27 June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions, the assumptions used in the 31 March 2016 actuarial valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in that actuarial valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal, it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

Non-teaching staff

The charitable company contributes to a defined contribution stakeholder scheme for some non-teaching staff. The charitable company's pension arrangements are in compliance with the requirements of the Pension Auto Enrolment Regulations. The employer contributions paid for non-teaching staff were £63,313 (2020: £35,985).

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azets.co.uk

Our ref: CN/BEG100/2021

The Board of Directors/Trustees
Blackheath Prep (formerly Blackheath Preparatory School Limited)
4 St. Germans Place
Blackheath
London SE3 0NJ

29 April 2022

Dear Sirs,

**Blackheath Prep (formerly Blackheath Preparatory School Limited)
Audit findings for the year ended 31 August 2021**

We are writing to confirm the significant findings arising from the audit of Blackheath Prep (formerly Blackheath Preparatory School Limited) ('the charitable company') for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are required to communicate such matters to you formally.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial statements that have been prepared on behalf of management with the oversight of those charged with governance. The audit of the charitable company's financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

This letter has been provided on the basis that it is for the information of the Board of Directors/Trustees and management of Blackheath Prep only and that it will not be distributed to others, quoted or referred to, in whole or in part, without our prior written consent.

Audit status and audit opinion

The audit was delayed multiple times resulting in the process being more protracted than would normally be the case. This was due to multiple factors (staff changes, incorrect posting of revenue & capital expenditure relating to the refurbishment projects) which led to additional work being completed by our team compared with the level initially planned. This additional work has resulted higher than anticipated fees. In future we propose that the audit work be carried out at the school's premises and using an audit scheduling and assistance tool ('Inflo') to streamline the audit process for the year ended 31 August 2022.

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Our audit work is now substantially complete and there are currently no matters which would require modification of our audit report, subject to the outstanding matters detailed below:

- Receipt of the signed Letter of Representation
- Receipt of the signed Financial Statements
- Confirmation that no events have arisen after the balance sheet date that could materially impact the Financial Statements for the year ended 31 August 2021

We do not propose any modifications to our audit opinion which is unqualified.

Significant findings

Findings related to significant risks

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Audit approach and conclusions
<p>Fraud in revenue recognition</p> <p>Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition.</p> <p>The presumption is that a company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.</p>	<p>Our work included:</p> <ul style="list-style-type: none">• A review and test the charitable company's revenue recognition policies, including the recognition of Fees Received in Advance.• Calculating the charitable company's expected income for the year-ended 31 August 2021 based on the school fees for the 2020/2021 academic year and the number of pupils that attended the school, investigating any large or unusual differences.• Testing income cut-off to ensure that the charitable company's income has been included in the correct financial year.• Testing credit notes to ensure that the charitable company's income has been included in the correct financial year. <p>The results of our testing did not highlight any issues with the charitable company's revenue recognition policies.</p>
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a presumed risk that management and directors/trustees have the ability to process transactions or make adjustments to an entity's financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the entity's financial statements.</p>	<p>Our work included:</p> <ul style="list-style-type: none">• A review of the accounting estimates, judgements and decisions made by management in relation to the charitable company's financial statements for the year-ended 31 August 2021.• Testing of journal entries posted by management both before and after the 31 August 2021.• A review of any large and unusual transactions that occurred both before and after the 31 August 2021. <p>The results of our testing found no evidence of management override of controls.</p>

Going concern, including the impact of COVID-19

Under the going concern basis of accounting, the financial statements of an entity are prepared on the assumption that it will continue its operations for the foreseeable future.

Given the impact of the COVID-19 pandemic, there is a risk that some entities may fail, meaning the use of the going concern basis of preparation for their financial statements is incorrect.

Our work included:

- Obtaining and reviewing management's assessment of the charitable company's ability to continue as a going concern, with specific reference to the impact of the COVID-19 pandemic and the responses to the risks faced as a result.
- Obtaining and reviewing copies of the charitable company's management accounts, budgets and forecasts to determine whether there are any going concern issues.
- Reviewing the appropriateness of the disclosures in the charitable company's financial statements.

No significant issues were discovered in relation to the charitable company's ability to continue as a going concern during our testing.

Fund accounting

There is a risk that the charitable company's income and expenditure could be allocated against the wrong type of fund (e.g.: unrestricted funds and restricted funds) and therefore result in a material misstatement in the presentation of the charitable company's financial statements.

Our work included:

- The allocation of income and expenditure against each type of fund was discussed with management.
- A review of the appropriateness of the income and expenditure allocations made by management during the year-ended 31 August 2021.

The results of our testing did not highlight any issues with the allocation of income and expenditure against each type of fund.

Fraud in relation to payment of net wages

We have been made aware of an incident that took place between July 2021 and September 2021 where the net wages of a member of staff were paid into a fraudulent bank account.

Our work included:

- Understanding how this incident occurred and concluding that this was a one-off event that is unlikely to be repeated.
- Reviewing the process by which employee bank details are updated.

We recommend that a robust policy is adopted for updating the personal details of members of staff. One option could be to use HR software, which would allow members of staff to update their own personal details, thus placing the onus on them. Such software would allow the charitable company to track such changes and allow them to be checked with each member of staff.

The audit plan was revised due to delays and revision of our work compared to what was communicated to you on the 7 December 2021 as detailed above.

Findings in respect of other areas

The purpose of each audit was for us to express an opinion on the financial statements of Blackheath Prep. During the audit a number of findings were discovered that we believe should be highlighted to those charged with governance and rectified going forward.

Audit area	Potential implications and recommendations
Fixed assets When reviewing our work on fixed assets, we noted that although the refurbishment program with the main contractor had been capitalised, there were several other related expenditures which had been expensed in the year. Subsequently, at the finalisation meeting, it was mentioned by the chairman that a substantial amount of the refurbishment program with the main contractor should be recognised as expenditure.	Our work over fixed assets and expenditure had to be reperformed with a detailed review of the contracts to verify the appropriateness of the reanalysed costs. The resultant review identified a material adjustment to the income and expenditure statement of approximately £500k (net). This matter highlighted the need for stronger communication between management and the Board of Trustees to correctly analyse the revenue/capital split of expenditure on larger projects. It is the school's responsibility to make decisions of this nature, in accordance with FRS102 and SORP. We recommend that a detailed management report related to capitalised expenditure is prepared and discussed as a separate exercise rather than as a budgetary update on a regular basis.
Employer pension contributions When reviewing the charitable company's pension contributions, we noticed differences between the stated liability and the amount actually paid.	While the differences were all small (L&G/Reassure and NEST), we would expect that the employer pension contributions stated on the charitable company's payroll reports to be the amounts that are paid over to the pension provider(s).
Obtaining information During the course of this year's audit, certain information was requested on multiple occasions before it was provided to us.	We had instances where information requested in November 2022 was not received due to a staff illness in the finance team leading to the audit team requesting the same information in January 2022 and March 2022. Although this was outside the control of management, we would recommend that our audit team complete their work at the school going forward as well as using 'Inflo' to track the progress of the audit.
Finance procedures During the planning for this audit, we asked for the charitable company's finance procedures to be reviewed and updated.	At the time of writing we have not yet received updated finance procedures requested at the initial planning meeting. These will need to be provided before next year's audit.
Related party declarations Our review of companies house identified Trustees' affiliations with other companies which were not declared on the related party questionnaire.	It is imperative that all business interests for the Trustees and Key Management Personnel are noted on the related party declarations and a separate register of interests maintained and updated at Trustee meetings.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

We concur with management's assessment that it is appropriate to continue to adopt the going concern basis of preparation and that there are no material uncertainties relating to going concern which should be disclosed in the financial statements of the charitable company.

Accounting policies, estimates and disclosures

The accounting policies used in preparing the financial statements of the charitable company are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charitable company. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charitable company.

Other communication requirements

Fraud or suspected fraud

We have been made aware of an incident that took place between July 2021 and September 2021 where the net wages of a member of staff were paid into a fraudulent bank account in July 2021. As already mentioned in this letter, we recommend that the charitable company adopts a robust policy for updating the personal details of members of staff going forward.

Our work as auditor is not intended to identify any instances of fraud of a non-material nature and should not be relied upon for this purpose. In the event that the directors/trustees wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the charitable company. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations that could stop the charitable company from continuing as a going concern or that would necessitate recognising a provision or contingent liability.

Written representations

We enclose to you a letter of representation alongside this document which we will request the Board of Directors/Trustees to sign at the same time as the financial statements are approved.

Related parties

We identified a number of related parties and/or related party transactions which had not been previously disclosed to us as auditors. We emphasise the need for full disclosure of the business interests of Trustees and key Management Personnel both on the Related Party Questionnaires that we circulate annually as part of the audit process, and on the School's own Register of Interests.

Confirmations from third parties

All requested third party confirmations have been received.

Misstatements

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. Details of items corrected following discussions with management are set out in Appendix I to this letter.

In addition, a number of non-trivial uncorrected misstatements were discovered during the course of our audit and a summary of these can be found within Appendix II to this letter.

Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able

to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

The scope of our work is not designed to be an extensive review of all internal controls. If we had performed more extensive procedures, we might have identified more deficiencies than those reported in Appendix III below.

Independence

In accordance with our profession's ethical guidance and further to our audit planning letter dated 7 December 2021 confirming planning arrangements there are no further matters to bring to your attention in relation to our integrity, objectivity and independence.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements of Blackheath Prep.

We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit. If we can be of any further assistance, please contact Chris Nisbet (Partner) or Mridul Khariwal (Director).

Yours faithfully,

Azets Audit Services

Appendix I

Corrected misstatements

Number	Details	Statement of Financial Activities		Balance Sheet		Effect on Net loss
		Debit	Credit	Debit	Credit	
		Net Loss for the Year per the Trial Balance				£206,130.80
1	Post-TB Adjustments	£16,462.22		£42,838.20	£59,300.42	£16,462.22
2	Journal to correct opening balance with Office Equipment.	£1.00			£1.00	£1.00
3	Journal to reduce the Fixtures and Fittings Depreciation Charge.		£0.34	£0.34		(£0.34)
4	Journal to recognise the missing Bank Charges from the Barclays Current Account.	£60.90			£60.90	£60.90
5	Journal to recognise the missing Bank Interest Received from the Barclays Business Premium Account.		£36.95	£36.95		(£36.95)
6	Journal to correct the Bank Loan Interest recognised in the Statement of Financial Activities.		£10,121.39	£10,121.39		(£10,121.39)
7	Journal to recognise the Apprenticeship Levy from April and May 2021.	£44.00		£5.00	£49.00	£44.00
8	Journal to correct the postings made for the underpayment to Storm Sinclair and overpayment to Jenny Bishop.		£2,477.96		£2,477.96	(£2,477.96)
9	Journal to reduce the Bad Debt Provision.		£11,470.71	£11,470.71		(£11,470.71)
10	Journal to recognise the payroll fraud in the year	£10,030.74			£10,030.74	£10,030.74
11	Journal to correct deposits liability at the year end		£13,174.35	£13,174.35		(£13,174.35)
13	Journal to recognise the website development costs as intangible asset		£46,898.00	£46,898.00		(£46,898.00)
14	Journal to reclassify refurbishment expenditure capitalised in the year	£624,340.82			£624,340.82	£624,340.82
15	Journal to capitalise assets classed as expenditure in the year		£76,625.90	£76,625.90		(£76,625.90)
16	Depreciation adjustments for website and buildings	£4,334.42		£5,044.58	£9,379.00	£4,334.42
		Net Loss for the Year per the Financial Statements				£700,599.30

Appendix II

Uncorrected misstatements

Number	Details	Statement of Financial Activities		Balance Sheet		Effect on Net Income
		Debit	Credit	Debit	Credit	
1	Overstatement of Prepayments	£3,968.93			£3,968.93	£3,968.93
2	Understatement of Prepayments and Trade Creditors relating to the Element UK Ltd invoice dated 28/08/2021			£8,848.80	£8,848.80	-
3	Understatement of Blackheath Building Company invoice dated 06/04/2021	£704.00			£704.00	£704.00
4	Further bad debt provision at the year end	£1,690.00			£1,690.00	£1,690.00
5	Reconciliation difference relating to Deposits		£1,353.28	£1,353.28		(£1,353.28)
6	Ethanol radiators returned post year end		£17,010.00	£17,010.00		(£17,010.00)
Total Effect on Net Movement in Unrestricted Funds						(£12,000.35)
Net loss for the Year per the Financial Statements						£700,599.30
Net loss for the Year taking into account the Unadjusted Errors						£688,598.95

We have discussed the uncorrected misstatements with management and have confirmed that individually and in aggregate their effect is not material.

Appendix III

Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we have reported these to you as part of the review of the fraud in the current year as well as our findings noted on page 3.

Area	Observation/ Implication	Recommendation	Management response
Bank payments details	As disclosed, the process for updating bank details for employees was not followed resulting in a fraud being perpetuated. Although the total value of fraud was relatively low, it does highlight the need to train and reaffirm the controls to all relevant staff regularly.	As noted, we recommend the use of HR software, which would enable staff members to directly update their details eliminating human error.	[Management can respond here]
Financial procedures manual	We are still awaiting an updated financial procedures manual which details the current procedures in place and reflect the changes that have been put in place (such as the bank payments following the fraud noted above).	We recommend that this document is updated as soon as possible and shared with all relevant employees to clarify the expectations individually as well as at each department.	This is being worked on and will be available for the 2022 audit.
Fixed asset register	The school maintains many fully depreciated assets on its fixed asset register dating back nearly 20 years.	We recommend that a full review is undertaken to ensure any items no longer held are removed from the register	A review was undertaken in February 2022 of all assets held by the school and the register updated accordingly.
Management Information and effective governance	Discussions with management and trustee have indicated that regular reviews of the management information should be immediately introduced so that material transactions and figures can be scrutinised	In addition to our recommendations above, we recommend that the board undertake a skills audit to ascertain if further benefits can be drawn from inducing trustees with a financial	[Management can respond here]



and adequately challenged to ensure accuracy.

background who may be able to undertake a review of the management/ financial information on a regular basis.

Key: **Significant deficiency** in internal control, **Other deficiency** in internal control, **Other observations**