

Charity Registration No. 312732

Company Registration No. 00672569 (England and Wales)

BLACKHEATH PREP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

BLACKHEATH PREP

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	S R Born (Appointed 1 September 2023) A L Edwards (Appointed 1 September 2023) A Neden (Appointed 1 September 2023) H Pratt (Appointed 1 September 2023)
Charity number	312732
Company number	00672569
Registered office	4 St Germans Place Blackheath London United Kingdom SE3 0NJ
Auditor	Azets Audit Services Limited Regis House 45 King William Street London United Kingdom EC4R 9AN
Bankers	Barclays Bank Plc 6 Market Place Bexleyheath Kent DA6 7DY
Key employees	
Head Teacher	A Matthews
Assistant Head Teacher	K Cubley
Bursar	H E Pratt
Head of Prep	O Clark
Head of Pre-Prep	C Watts
Assistant Head Academic	M Clarke
Assistant Head Pastoral	R Roberts
IT Director	K Norris

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2023

Trustees

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

G D Ducharme (Resigned 1 September 2023)
D Hudson (Resigned 1 September 2023)
G Janakan (Resigned 1 September 2023)
M Melia (Resigned 1 September 2023)
T A Meunier (Resigned 1 September 2023)
S D Parton (Resigned 1 September 2023)
G H Stallard (Resigned 1 September 2023)
H C Wisher (Resigned 1 September 2023)

No Trustees had any beneficial interest in the charitable company. All of the trustees were also members of the charitable company.

Post Year Events: Charity Merger

Effective from 1 September 2023, all assets and liabilities held by Blackheath Prep Charity (Charity No. 312732) passed to Eltham College as part of a merger agreed between the Trustees of Eltham College and the then Trustees of Blackheath Prep. This includes the ownership, management and governance of Blackheath Prep.

Following this merger, effective from 1 September 2023, the "Eltham College Family of Schools" group runs three schools : Eltham College Senior School, Eltham College Junior School and Blackheath Prep.

Whilst no longer having any accountability for the oversight, direction or governance of Blackheath Prep, Blackheath Prep remains a separate Charity and Company Limited by Guarantee (Charity No: 312732 and Company No: 672569). Effective from 1 September 2023, Eltham College is the Sole Member of the Charity. The Charity and Company are, effective from 1 September 2023, in a dormant state.

Following the resignation of all former Trustees on 31 August 2023, four new Trustees were appointed effective from 1 September 2023.

S R Born (Appointed 1 September 2023)
A L Edwards (Appointed 1 September 2023)
A Neden (Appointed 1 September 2023)
H Pratt (Appointed 1 September 2023)

These new Trustees, who are also directors and members of the charity for the purposes of the Companies Act 2006, present the annual report and financial statements for the year ended 31 August 2023.

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.

BLACKHEATH PREP

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2023

In setting their objectives and planning their activities we are content that the former Trustees followed the Charity Commission's general guidance on public benefit and its supplementary public benefit guidance on advancing education and on fee charging.

Blackheath Prep's strategic aim is the attainment of the highest academic standards while allowing pupils to benefit from an extensive extra-curricular programme. Reporting on Blackheath Prep's strategic aims and objectives, performance and future plans, is contained in the accounts for Eltham College (Charity Number 1058438) given the transfer of all assets and liabilities to Eltham College effective from 1 September 2023.

Principal Activity

For 2022/23, the Charity's principal activity was the operation of a nursery, pre-preparatory and preparatory school in Blackheath, London SE3. Effective from 1 September 2023, following the merger with Eltham College and the transfer of all assets and liabilities of the Blackheath Prep charity to Eltham College, the Blackheath Prep Charity is currently in a dormant state,

Statement of Compliance with Charity Commission guidance

We are content that the former Trustees paid due regard to guidance issued by the Charity Commission in determining what activities the charitable company should undertake.

Financial Review

Following the transfer of all assets and liabilities to Eltham College in accordance with the agreed charity-to-charity merger agreed between the Trustees of Eltham College and the former Trustees of Blackheath Prep, and effective from 1 September 2023, this Blackheath Prep Charity is currently in dormant state.

The Financial Statements for the year ended 31st August 2023 report a profit of £130,878.

Reserves

The School's free reserves (presented by unrestricted general funds) were £5,332,361 on 31st August 2023

The School's liquid reserves, represented by the surplus of current assets over current liabilities, were £2,242,328 on 31st August 2023 (2022: £2,175,965).

Principal Risks

Effective from 1 September 2023, the Charity is in a dormant state.

The principal risks and uncertainties affecting the future operation of Blackheath Prep are set out in the Financial Statements for Eltham College (Charity Number 1058438).

Governing Document

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

BLACKHEATH PREP

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2023

Governing Body

The former Trustees prior to 1 September 2023, who were also required under the Articles to serve as Directors and Members of the Company also formed the School's Governing Body. The Trustees gave 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 former Trustees met as a Board at least six times a year to determine the general policy of the Charitable Company and to review its overall management and control, for which they were legally responsible. The day-to-day running of the School was delegated to the Head and the Bursar, supported by teaching members of the Senior Leadership Team.

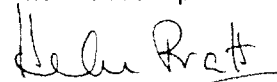
Auditor

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.



Helen Pratt
Trustee

Date: ~~3 May 2024~~ 10.05.2024

BLACKHEATH PREP

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2023

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

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 2023 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 2023 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.

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

BLACKHEATH PREP

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BLACKHEATH PREP

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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

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.

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.

BLACKHEATH PREP

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF BLACKHEATH PREP

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

Azets Audit Services

J Howard FCA
for and on behalf of Azets Audit Services

Date: *10 May 2024*

Chartered Accountants
Statutory Auditor

Regis House
45 King William St
London
United Kingdom
EC4R 9AN

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STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Total (restated) 2022 £
Income and endowments from:					
Donations and legacies	3	3,500	-	3,500	554
Charitable activities	4	6,221,756	-	6,221,756	5,594,843
Other trading activities	5	39,878	-	39,878	30,271
Investments	6	95,360	-	95,360	6,412
Total income		6,360,494	-	6,360,494	5,632,080
Expenditure on:					
School operating costs	7	6,186,601	14,547	6,201,148	5,929,088
Support costs	8	43,015	-	43,015	27,602
Total expenditure		6,229,616	14,547	6,244,163	5,956,690
Net gains/(losses) on investments	11	-	-	-	(47,100)
Net movement in funds		130,878	(14,547)	116,331	(371,710)
Fund balances at 1 September 2022		9,088,652	14,547	9,103,199	9,474,909
Fund balances at 31 August 2023		9,219,530	-	9,219,530	9,103,199

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 2023.

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

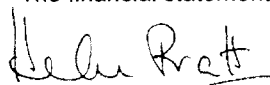
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BALANCE SHEET

AS AT 31 AUGUST 2023

		2023		2022 (restated)	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		18,761		28,140
Tangible assets	13		6,958,381		6,899,034
Investments	14		60		60
Total income			<u>6,977,202</u>		<u>6,927,234</u>
Current assets					
Debtors	15	116,003		63,618	
Cash at bank and in hand		3,023,466		3,145,604	
		<u>3,139,469</u>		<u>3,209,222</u>	
Creditors: amounts falling due within one year	16	(897,141)		(1,033,257)	
Net current assets			<u>2,242,328</u>		<u>2,175,965</u>
Total assets less current liabilities			<u>9,219,530</u>		<u>9,103,199</u>
Income funds					
Restricted funds	17		-		14,547
Unrestricted funds – general		5,332,361		5,201,483	
Revaluation reserve		3,887,169		3,887,169	
			<u>9,219,530</u>		<u>9,088,652</u>
			<u>9,219,530</u>		<u>9,103,199</u>

The financial statements were approved by the Trustees on 3 May 2024



Helen Pratt
Trustee

10.05.2024

Company Registration No. 00672569

BLACKHEATH PREP

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

		2023		2022 (restated)	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		35,060	(790,924)	
Interest paid			-	(2,959)	
			<hr/>	<hr/>	
Net cash provided in operating activities				(793,883)	
Investing activities					
Purchase of tangible fixed assets		(252,558)		(145,657)	
Investment income received		95,360		6,414	
		<hr/>		<hr/>	
Net cash used in investing activities			(157,198)	(139,243)	
Financing activities					
Repayment of bank loans		-		(325,386)	
		<hr/>		<hr/>	
Net cash used in financing activities			-	(325,386)	
Net decrease in cash and cash equivalents			<hr/> (122,138) <hr/>	<hr/> (1,258,512) <hr/>	
Cash and cash equivalents at beginning of year			3,145,604	4,404,116	
Cash and cash equivalents at end of year			<hr/> 3,023,466 <hr/>	<hr/> 3,145,604 <hr/>	

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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. 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 which would enable it to continue in operational existence for the foreseeable future. The charitable company is currently in a dormant state, however its operations are being undertaken by its parent undertaking (see note 26). 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

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	5 years
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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 the statement of financial activities.

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

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.

A prior period adjustment has been processed to recognise the investment at nominal value rather than market value. The effect of this on the prior period surplus was £47,100 (note 11 and 14).

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).

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

1.10 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.

1.11 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.

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.

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

1.12 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.

1.13 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.

1.14 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.

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

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 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Donations and gifts	3,500	-	3,500	554	-	554

4 Charitable activities

	Operation of a private school 2023 £	Operation of a private school 2022 £
The school's fee income comprised:		
Gross fees	6,318,139	5,624,901
Less: total bursaries, grants and allowances	(96,383)	(30,058)
	<u>6,221,756</u>	<u>5,594,843</u>

5 Other trading activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Rental of premises and facilities	<u>39,878</u>	<u>30,271</u>

6 Investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Income from unlisted investments	4,290	1,200
Bank interest received	91,070	5,212
	<u>95,360</u>	<u>6,412</u>

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

7	School operating costs	Staff costs £	Other £	Depreciation £	Total 2023 £	Staff costs £	Other £	Depreciation £	Total 2022 £
	Teaching costs	3,601,138	428,200	56,784	4,086,122	3,363,950	360,647	36,066	3,760,663
	Welfare costs	45,354	456,050	-	501,404	20,578	435,457	-	456,035
	Premises costs	136,549	379,706	145,807	662,062	91,733	425,361	142,321	659,415
	Other operating costs	593,242	358,318	-	951,560	739,544	313,431	-	1,052,975
		<u>4,376,283</u>	<u>1,622,274</u>	<u>202,591</u>	<u>6,201,148</u>	<u>4,215,805</u>	<u>1,534,896</u>	<u>178,387</u>	<u>5,929,088</u>
	Analysis by fund								
	Unrestricted funds	4,376,283	1,607,727	202,591	6,186,601	4,215,805	1,534,896	178,387	5,929,088
	Restricted funds	-	14,547	-	14,547	-	-	-	-
		<u>4,376,283</u>	<u>1,622,274</u>	<u>202,591</u>	<u>6,201,148</u>	<u>4,215,805</u>	<u>1,534,896</u>	<u>178,387</u>	<u>5,929,088</u>

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

8	Support costs	Unrestricted	Total	Unrestricted	Total
		funds		funds	
		2023	2023	2022	2022
		£	£	£	£
	Bank charges	8,567	8,567	5,064	5,064
	Bank loan interest	-	-	1,696	1,696
	Auditor's remuneration	34,448	34,448	20,842	20,842
		<u>43,015</u>	<u>43,015</u>	<u>27,602</u>	<u>27,602</u>

Included within auditor's remuneration are fees of £2,100 (2022: £2,200) for accounts preparation.

9 Trustees

There were no trustees' remuneration or other benefits for the year ended 31 August 2023 nor for the year ended 31 August 2022.

There were trustees' expenses paid for the year ended 31 August 2023 of £1,710 (2022: £1,251) for one trustee in relation to travel expenses.

10 Employees

The average monthly number of employees during the year was:

	2023	2022
	Number	Number
Teaching	64	63
Domestic	10	10
Administration	12	13
Total	<u>86</u>	<u>86</u>

	2023	2022
	£	£
Employment costs		
Wages and salaries	3,475,096	3,355,427
Social security costs	346,711	342,856
Other pension costs	554,478	517,521
	<u>4,376,285</u>	<u>4,215,804</u>

Included in employment costs is termination payments of £79,882 (2022: £90,735).

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

10 Employees

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

	2023 Number	2022 Number
£60,001 - £70,000	6	3
£70,001 - £80,000	4	3
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>12</u>	<u>8</u>

11 Net gains/(losses) on investments

	2023 £	2022 (restated) £
Revaluation of investments	-	<u>(47,100)</u>

12 Intangible fixed assets

	Website costs £
Cost	
At 1 September 2022 and 31 August 2023	<u>46,898</u>
Amortisation and impairment	
At 1 September 2022	18,758
Amortisation charged for the year	<u>9,379</u>
At 31 August 2023	<u>28,137</u>
Carrying amount	
At 31 August 2023	<u>18,761</u>
At 31 August 2022	<u>28,140</u>

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

13	Tangible fixed assets	Freehold land and buildings £	School equipment £	Fixtures and fittings £	Office equipment £	Catering equipment £	Total £
	Cost or valuation						
	At 1 September 2022 (Restated)	7,468,847	204,124	422,769	24,591	107,664	8,227,995
	Additions	182,215	-	-	70,343	-	252,558
	Disposals	-	-	-	-	-	-
	At 31 August 2023	7,651,062	204,124	422,769	94,934	107,664	8,480,553
	Depreciation and impairment						
	At 1 September 2022 (Restated)	758,241	201,382	249,698	13,583	106,057	1,328,961
	Depreciation charged in the year	136,428	914	40,748	14,800	321	193,211
	Eliminated in respect of disposals	-	-	-	-	-	-
	Eliminated in respect of disposals	894,669	202,296	290,446	28,383	106,378	1,522,172
	Carrying amount						
	At 31 August 2023	6,756,393	1,828	132,323	66,551	1,286	6,958,381
	At 31 August 2022	6,710,606	2,742	173,071	11,008	1,607	6,899,034

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

13 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 (2022: £762,000).

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

14 Fixed asset investments

	Unlisted investments (restated) £
Cost or valuation	
At 1 September 2022	60
Valuation changes	-
At 31 August 2023	<u>60</u>
Carrying amount	
At 31 August 2023	<u>60</u>
At 31 August 2022	<u>60</u>

There were no fixed asset investments outside the United Kingdom.

The balance at 1 September 2022 was restated as detailed in Note 11.

15 Debtors

	2023 £	2022 £
Trade debtors	23,552	2,294
Prepayments and accrued income	92,451	61,324
	<u>116,003</u>	<u>63,618</u>

16 Creditors: amounts falling due within one year

	2023 £	2022 £
Other taxation and social security	87,823	84,174
Trade creditors	116,658	134,985
Other creditors	448,970	448,261
Accruals and deferred income	243,690	365,837
	<u>897,141</u>	<u>1,033,257</u>

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

17	Restricted funds	Balance at 1 September 2022 £	Incoming resources £	Resources expended £	Balance at 31 August 2023 £
	Restricted funds	14,547	-	(14,547)	-

The restricted funds were for premises use and during the year were spent on fire shutters and gate security.

17A	Restricted funds – PRIOR YEAR	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Balance at 31 August 2022 £
	Restricted funds	14,547	-	-	14,547

18	Analysis of net assets between funds	Unrestricted funds £	Restricted funds £	Total £
	Fund balances at 31 August 2023 are represented by:			
	Intangible fixed assets	18,761	-	18,761
	Tangible fixed assets	6,958,381	-	6,958,381
	Investments	60	-	60
	Current assets/(liabilities)	2,242,328	-	2,242,328
		<u>9,219,530</u>	<u>-</u>	<u>9,219,530</u>

18A	Analysis of net assets between funds – PRIOR YEAR (restated)	Unrestricted funds £	Restricted funds £	Total £
	Fund balances at 31 August 2022 are represented by:			
	Intangible fixed assets	28,140	-	28,140
	Tangible fixed assets	6,899,034	-	6,899,034
	Investments	60	-	60
	Current assets/(liabilities)	2,161,418	14,547	2,175,965
		<u>9,088,652</u>	<u>14,547</u>	<u>9,103,199</u>

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

19 Significant event

Eltham College and Blackheath Prep are to merge to become one family of schools from September 2023. The merger provides an exciting opportunity to cement the schools' already close ties through a more formal partnership, bringing new opportunities for pupils to share facilities and expertise, and for staff to develop their careers within a wider pool of professionals.

The planned capital investment projects - including the rebuilding of the Jubilee block and sports pavilion at Blackheath Prep - will go ahead, subject to the usual planning consents. These investments will enable the school to maximise its existing site, but there are no plans to expand further and the focus of the new group is on providing an excellent education to existing communities in South East London.

From September the 1st the two charities will merge under Eltham College and Blackheath Prep will become a dormant charity.

As we will now be operating as one charity there will be one set of statutory accounts for the family of schools considering the 2023/2024 academic year onwards.

20 Related party transactions

There were no related party transactions to disclose during the year ended 31 August 2023 (2022: £nil).

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	860,151	748,467

There were 8 employees included in key management personnel during the year ended 31 August 2023 (2022: 8).

21 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:

	2023	2022
	£	£
Within one year	85,658	56,946
Between two and five years	107,056	89,230
	<u>192,714</u>	<u>146,176</u>

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

22	Cash generated from operations	2023	2022	
		£	(restated)	
			£	
	Surplus/(deficit) for the year	116,331	(371,710)	
	Adjustments for:			
	Investment income recognised in statement of financial activities	(95,360)	(6,412)	
	Interest paid	-	2,959	
	Fair value gains and losses on investments	-	47,100	
	Depreciation and impairment of tangible fixed assets	193,211	169,009	
	Amortisation and impairment of intangible fixed assets	9,379	9,379	
	Movement in working capital:			
	(Increase)/decrease in debtors	(52,385)	(3,833)	
	Increase/(decrease) in creditors	(136,116)	(637,416)	
	Cash generated from/(absorbed by) operations	35,060	(790,924)	
23	Analysis of changes in net funds	At 1 September	Cash flows	At 31 August
		2022		2023
		£	£	£
	Cash at bank and in hand	3,145,604	(122,138)	3,023,466

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

24 Pension contributions

Teaching staff

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £477,125 (2022: £457,050). At the end of the year there were outstanding employer and employee contributions payable of £56,792 (2022: £62,302).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and 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 by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 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 has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment 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 government announced on 4 February 2023 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2023 at the point they become payable.

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. The pause was lifted in July 2022, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary and are aiming to implement these changes.

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 the Actuarial Valuation.

Until the cost cap mechanism revision is completed 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.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension schemes. The School is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the School has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it was a defined contribution schemes.

BLACKHEATH PREP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

25 Pension contributions (continued)

Following a decision by Trustees in November 2023, the School has initiated a phased withdrawal from the Teachers' Pension Scheme effective from February 2024, meaning that new members of teaching staff joining the School after this date will not be eligible to join the scheme and will instead be auto-enrolled in the School's alternative Defined Contribution pension scheme.

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 £57,390 (2022: £60,471). At the end of the year there were outstanding employer and employee contributions payable of £8,666 (2022: £7,997).

26 Post Balance Sheet Events

On 1 September 2023, the charitable company merged with Eltham College, a charitable company, which became its sole member. All assets and liabilities were transferred on that date and its activities will form a part of the consolidated accounts of Eltham College for the year ended 31 August 2024.

Blackheath Prep School remains dormant from this date.