

Charity registration number 505310

Company registration number 01260765 (England and Wales)

CARLETON HOUSE PREPARATORY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

CARLETON HOUSE PREPARATORY SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	G H Beck - Chair of Trustees J P Burns E Czarnecki S L Fletcher C M Harrison S M Hegarty C B Holguin M Joe T Manning L Morrison	(Appointed 18 January 2023) (Appointed 1 February 2023)
Charity number	505310	
Company number	01260765	
Registered office	145 Menlove Avenue Liverpool Merseyside L18 3EE	
Auditor	Xeinadin Audit Limited 2 Hilliards Court Chester Business Park Chester Cheshire CH4 9QP	

CARLETON HOUSE PREPARATORY SCHOOL

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CARLETON HOUSE PREPARATORY SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report and financial statements for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and 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).

Objectives and activities

The Head Teacher and all staff have supported the school and worked hard to maintain high school standards. The Governing Body of the school is also actively involved in the oversight of the management of the school and in setting new objectives for the school for the future.

Carleton House provides equal opportunities for all staff and pupils.

The school is committed to the safeguarding of children and its policies and procedures reflect this. All policies and procedures are updated as appropriate and are available at the school for inspection.

In setting the School's objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefits and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

Carleton House was ranked as the highest-placed independent preparatory school in Merseyside by the most recent Sunday Times Parent Power Schools Guide. It was ranked 10th overall nationally.

The majority of our pupils obtain their first choice preference at secondary school level. The places secured for 2021-2022 were as follows:

The Blue Coat School - 14 pupils
St Mary's College - 3 pupils
Merchant Taylors' College - 1 pupil
St Margaret's Academy - 1 pupil
Belvedere Academy - 1 pupil
Calderstones School - 1 pupil
King David High School - 1 pupil
St Edwards College - 1 pupil

CARLETON HOUSE PREPARATORY SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The achievements of our pupils are usually measured in Statutory Attainment Tests (SATs) using a scaled score. SATs testing resumed in May 2022, however results were not published nationally. Our SATs results remained in line with those high scores achieved in previous years but comparison against other schools and national figures was not possible.

The School continued to provide a daily hot lunch for every child prepared by their own chef in the kitchen to meet national food standards in schools. The quality of food and choice is closely monitored and has been a great success with the children and staff.

The School has an active choir which is asked to perform at the Metropolitan Cathedral Christmas Concert every year and has taken part in a local Catholic school choir festival.

The School runs a vibrant and positive music programme for pupils with the outside resources of Pulse Music Liverpool. This has firmly cemented the development of a school wide introduction to music and we have a school orchestra. All junior school pupils are offered musical tuition on an instrument and the chance to join the school orchestra. Pupils are invited to take part in concerts at Christmas or at the end of the school year to celebrate their achievements. Pupils are also provided with the opportunity to take musical exams.

The school provides an extensive range of extra curricular clubs including debating, first aid, dance, judo, chess and a wide variety of sports clubs.

Fundraising activities and income generation

The school has continued to support local charities, including Cafod, Bridge 2, South Liverpool Foodbank and the Whitechapel Centre for the homeless as well as other local and national good causes and charities.

Financial review

In what has been a difficult year with high amounts of financial uncertainty, the Board of Trustees have continued to evaluate the reserves requirements to ensure the continued running of the school. Due to prudent financial management over recent years, our reserves have been growing, which meant that we were in a strong position to mitigate the financial risks arising from the pandemic. As a general rule, the Board of Trustees have decided that the school should have cash reserves equivalent to between three and six months costs for business as usual operations, although this may be reduced in periods where significant capital investment is needed.

The current year surplus is £173,215. The general reserve has increased to £1,221,662, including cash balances of £396,103. This is within the range of reserves agreed by the Board of Trustees, although some of the retained reserves have been set into a specific fund which will be utilised to finance an ambitious development of the current premises, which is planned to be phased over the next three years.

The principal source of funding is the fees charged to parents for the provision of school places for their children.

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

Construction was recently completed on a new purpose built modern cloakroom which replaced our previous cloakroom which was housed in the original conservatory to the house. As outlined in our financial review, our growth in reserves will be partially utilised to fund a scheduled programme of building refresh for the coming years, including internal and external refurbishment and the re development of the EYFS playground.

CARLETON HOUSE PREPARATORY SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Structure, governance and management

Carleton House Preparatory School Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 28 May 1976.

The Memorandum and Articles of Association were altered by special resolution on 18th June 2020.

The principal object of the company is to provide a first class, independent co-educational school to pupils aged 3 to 11 years. The Head Teacher is a member of the Independent Schools Association, which gives accreditation by the Independent Schools Council. The School is a Catholic School which accepts children of other denominations and faiths. It has strong links with the Archdiocese of Liverpool and the Parish of Our Lady of the Annunciation Bishop Eton.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

G H Beck - Chair of Trustees

M I Arshad (Appointed 16 September 2021 and resigned 30 August 2022)

J P Burns

E Czarnecki

D J Fletcher (Resigned 6 July 2022)

S L Fletcher

C M Harrison

S M Hegarty (Appointed 18 January 2023)

C B Holguin

M Joe (Appointed 1 February 2023)

M Kirby (Resigned 7 June 2022)

T Manning

L Morrison

S J Swanson (Resigned 6 July 2022)

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Board of Trustees determines the general strategy and policy of the school, but the day-to-day management of the school is delegated to the Head Teacher. The Board meets at least termly and there are a number of sub-committees convening such areas as Curriculum and Safeguarding, Finance, Buildings and Health and Safety and Pay and Appraisal.

The trustees who served during the year are shown on page one. Trustees are appointed by the Board of Trustees (also known as the Governing Body) and serve for a period of three years. Upon the end of each three-year term, trustees are eligible for re-election. Vacant trustee positions are advertised with a current equal number of external trustees and trustees who are current parents of the school. New trustees are provided with an introduction into the nature and running of the school.

Auditor

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

CARLETON HOUSE PREPARATORY SCHOOL

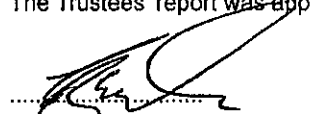
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They 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 Beck - Chair of Trustees
Trustee

Date:23.5.23.....

CARLETON HOUSE PREPARATORY SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees, who are also the directors of Carleton House Preparatory School 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 charity 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 charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CARLETON HOUSE PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARLETON HOUSE PREPARATORY SCHOOL

Opinion

We have audited the financial statements of Carleton House Preparatory School (the 'charity') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 charity 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 charity'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.

CARLETON HOUSE PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CARLETON HOUSE PREPARATORY SCHOOL

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity 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 charity 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the school through discussions with Trustees and other management, and from our knowledge and experience of academy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy, including the Companies Act 2006, data protection, anti-bribery, employment, food hygiene and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management team and inspecting legal correspondence; and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of noncompliance throughout the audit.

CARLETON HOUSE PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CARLETON HOUSE PREPARATORY SCHOOL

We assessed the susceptibility of the school's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management team as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

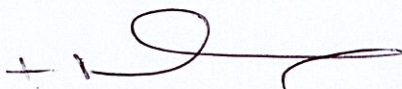
To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Helen Furlong FCCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited

24.05.2023

Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9QP

CARLETON HOUSE PREPARATORY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted funds 2022 £	Unrestricted funds 2021 £
	Notes		
<u>Income from:</u>			
Donations and legacies	3	15,784	31,893
Charitable activities	4	1,603,667	1,395,714
Investments	5	-	76
		<hr/>	<hr/>
Total income		1,619,451	1,427,683
		<hr/>	<hr/>
<u>Expenditure on:</u>			
Charitable activities	6	1,446,236	1,340,814
		<hr/>	<hr/>
Net income for the year/ Net movement in funds		173,215	86,869
Fund balances at 1 September 2021		1,048,447	961,578
		<hr/>	<hr/>
Fund balances at 31 August 2022		1,221,662	1,048,447
		<hr/> <hr/>	<hr/> <hr/>

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

All income and expenditure derive from continuing activities.

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

CARLETON HOUSE PREPARATORY SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,404,447		1,271,769
Current assets					
Stocks	12	1,067		1,245	
Debtors	13	1,284,216		1,215,468	
Cash at bank and in hand		396,103		431,527	
		<u>1,681,386</u>		<u>1,648,240</u>	
Creditors: amounts falling due within one year	14	<u>(1,768,328)</u>		<u>(1,675,768)</u>	
Net current liabilities			(86,942)		(27,528)
Total assets less current liabilities			<u>1,317,505</u>		<u>1,244,241</u>
Creditors: amounts falling due after more than one year	15		(95,843)		(195,794)
Net assets			<u><u>1,221,662</u></u>		<u><u>1,048,447</u></u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	19	<u>1,221,662</u>		<u>1,048,447</u>	
			<u>1,221,662</u>		<u>1,048,447</u>
			<u><u>1,221,662</u></u>		<u><u>1,048,447</u></u>

The financial statements were approved by the Trustees on 22/5/23


 G.H. Beck - Chair of Trustees
 Trustee

Company registration number 01260765

CARLETON HOUSE PREPARATORY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	22		255,671		213,009
Investing activities					
Purchase of tangible fixed assets		(177,942)		(20,589)	
Investment income received		-		76	
Net cash used in investing activities			(177,942)		(20,513)
Financing activities					
Repayment of bank loans		(113,153)		(90,461)	
Net cash used in financing activities			(113,153)		(90,461)
Net (decrease)/increase in cash and cash equivalents			(35,424)		102,035
Cash and cash equivalents at beginning of year			431,527		329,492
Cash and cash equivalents at end of year			<u>396,103</u>		<u>431,527</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Charity information

Carleton House Preparatory School is a private company limited by guarantee incorporated in England and Wales. The registered office is 145 Menlove Avenue, Liverpool, Merseyside, L18 3EE.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. 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 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 charity 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.

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.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Cash donations are recognised on receipt. Other donations are recognised once the charity 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.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 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 property	Over 50 years - buildings only
Freehold improvements	5-25 years straight line
Plant & IT equipment	3-5 years straight line
Fixtures and fittings	2-6 years straight line

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.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible 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).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

1.9 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.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The charity 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 charity's balance sheet when the charity 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.

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.

Derecognition of financial liabilities

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

1.11 Retirement benefits

Retirement benefits for employees who are teachers at the School are provided by the Teachers' Pension Scheme (TPS). The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The School also contributes to personal pension plans for administrative employees and the pension charge represents the amounts payable by the School.

1.12 Leases

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.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

2 Critical accounting estimates and judgements

In the application of the charity'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	Unrestricted funds
	2022	2021
	£	£
Donations	15,784	1,055
Government grants	-	30,838
	<u>15,784</u>	<u>31,893</u>

4 Charitable activities

	2022	2021
	£	£
School fees	1,432,076	1,239,522
Other income	171,591	156,192
	<u>1,603,667</u>	<u>1,395,714</u>

5 Investments

	Total Unrestricted funds	
	2022	2021
	£	£
Interest receivable	-	76
	<u>-</u>	<u>76</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

6 Charitable activities

	School expenses 2022 £	School expenses 2021 £
Staff costs	979,537	922,890
School expenses	128,287	99,902
School meals expenditure	42,196	35,276
School trips expenditure	40,700	13,368
Repairs and maintenance	19,715	31,387
Motor and travel	9,062	19,588
Rates	6,720	7,127
Light, heat and power	19,214	15,355
Telephone and IT	17,238	20,013
Photocopier	4,082	4,706
Membership and professional subscriptions	16,623	12,556
Insurance	58,550	50,272
Training costs	5,657	8,132
Bad debts	(9,002)	-
Sundry expenses	8,668	824
	<u>1,347,247</u>	<u>1,241,396</u>
Share of governance costs (see note 7)	98,989	99,418
	<u>1,446,236</u>	<u>1,340,814</u>

7 Governance costs

	2022 £	2021 £
Depreciation	45,264	45,975
Audit fees	10,276	15,100
Legal and professional	43,449	38,343
	<u>98,989</u>	<u>99,418</u>
Analysed between Charitable activities	<u>98,989</u>	<u>99,418</u>

Governance costs includes payments to the auditors of £5,400 (2021- £5,775) for audit fees.

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

9 Employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Teaching	25	26
Finance and admin	2	2
Facilities	5	5
Total	<u>32</u>	<u>33</u>

Employment costs

	2022	2021
	£	£
Wages and salaries	805,589	751,001
Social security costs	65,943	61,068
Other pension costs	108,005	110,821
	<u>979,537</u>	<u>922,890</u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2022	2021
	Number	Number
£60,001 to £70,000	-	1
£70,000 to £80,000	1	-
	<u>1</u>	<u>1</u>

The key management personnel of the School comprises the Trustees, the Head Teacher, the deputy Head Teacher and the Busar from May 2022. The schools Trustees are not remunerated. The total amount of employee benefits (including employer pension contributions) received by the Head Teacher and the deputy Head Teacher was £175,895. (2021: £196,889 - also included an assistant Head Teacher). It represents remuneration for these two members of staff who are all substantially involved in teaching and the supervision of students.

10 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

11 Tangible fixed assets

	Freehold property £	Plant & IT equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	1,466,163	291,777	164,432	1,922,372
Additions	175,791	-	2,151	177,942
Disposals	-	(198,573)	(123,607)	(322,180)
At 31 August 2022	1,641,954	93,204	42,976	1,778,134
Depreciation and impairment				
At 1 September 2021	239,870	258,865	151,868	650,603
Depreciation charged in the year	27,866	12,983	4,415	45,264
Eliminated in respect of disposals	-	(198,573)	(123,607)	(322,180)
At 31 August 2022	267,736	73,275	32,676	373,687
Carrying amount				
At 31 August 2022	1,374,218	19,929	10,300	1,404,447
At 31 August 2021	1,226,293	32,912	12,564	1,271,769

Included in land and buildings is freehold land at a valuation of £500,000 (2021:£500,000) which is not depreciated.

12 Stocks

	2022 £	2021 £
Sundry stocks	1,067	1,245

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,241,569	1,191,401
Other debtors	4,976	1,503
Prepayments and accrued income	37,671	22,564
	1,284,216	1,215,468

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	17	114,660	114,862
Trade creditors		12,660	27,419
Other taxation and social security		15,054	16,203
Other creditors		70,791	114,565
Accruals		266,313	213,371
Deferred income	16	1,288,850	1,189,348
		<u>1,768,328</u>	<u>1,675,768</u>

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	17	4,843	117,794
Other creditors		91,000	78,000
		<u>95,843</u>	<u>195,794</u>

16 Deferred income

	2022 £	2021 £
Arising from Deferred income	<u>1,288,850</u>	<u>1,189,348</u>

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Deferred income is included within:		
Current liabilities	<u>1,288,850</u>	<u>1,189,348</u>
Movements in the year:		
Deferred income at 1 September 2021	1,189,348	1,137,485
Released from previous periods	(1,189,348)	(1,137,485)
Resources deferred in the year	<u>1,288,850</u>	<u>1,189,348</u>
Deferred income at 31 August 2022	<u>1,288,850</u>	<u>1,189,348</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16 Deferred income

(Continued)

School fees are invoiced in July for the coming academic year, and are therefore included in deferred income at the year end.

The prior year deferred income balance has been released in full in the year, and the total current year balance has been deferred for this year.

17 Loans and overdrafts

	2022	2021
	£	£
Bank loans	119,503	232,656
Payable within one year	114,660	114,862
Payable after one year	4,843	117,794

The bank loan is secured on the company's freehold property by way of a first legal charge in favour of the bank. Interest is charged at 2.75% over the bank's base rate. The charges were satisfied after the year end.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Retirement benefit schemes

Defined contribution schemes

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in schools and from 1 January 2007, automatic for teachers in part-time employment. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment and Savings) Directions 2019. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer contribution correction cost of 7.3% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2016 determines an employer rate of 23.68%, which was payable from September 2019.

The employer pensions costs paid to TPS in the year amounted to £99,234 (2021: £102,724).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Under definitions set out in FRS102, the TPS is an unfunded multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The School also makes contributions to personal pension plans for non-teaching staff. The total cost of these contributions was £8,771 (2021: £7,949).

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 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 2022 £
	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Transfers £	
Site development fund	43,200	-	-	20,000	63,200
Personal donations fund	5,046	3,877	(771)	(8,152)	-
General funds	1,000,201	1,615,574	(1,445,465)	(11,848)	1,158,462
	<u>1,048,447</u>	<u>1,619,451</u>	<u>(1,446,236)</u>	<u>-</u>	<u>1,221,662</u>

Comparative information in respect of the preceding period is as follows:

	Movement in funds				Balance at 31 August 2022 £
	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Transfers £	
Site development fund	43,200	-	-	-	43,200
Personal donations fund	5,196	257	(407)	-	5,046
General funds	913,182	1,427,426	(1,340,407)	-	1,000,201
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,048,447</u>	<u>1,427,683</u>	<u>(1,340,814)</u>	<u>-</u>	<u>1,048,447</u>

20 Operating lease commitments

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

	2022 £	2021 £
Within one year	7,308	7,100
Between two and five years	10,466	19,615
	<u>17,774</u>	<u>26,715</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

21 Related party transactions

Trustees whose children attend the school pay fees at the same rate as any other parent.

In addition the school engaged the services of J & S Partnership, a business in which the Trustee J P Burns has a material interest, to construct a conservatory. The transaction was at arms' length and amounted to £167,400. The work was awarded to J & S Partnership, following a formal tender process.

22 Cash generated from operations	2022	2021
	£	£
Surplus for the year	173,215	86,869
Adjustments for:		
Investment income recognised in statement of financial activities	-	(76)
Depreciation and impairment of tangible fixed assets	45,264	45,976
Movements in working capital:		
Decrease in stocks	178	43
(Increase) in debtors	(68,748)	(10,055)
Increase in creditors	6,260	38,239
Increase in deferred income	99,502	52,013
Cash generated from operations	255,671	213,009

23 Analysis of changes in net funds

	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	431,527	(35,424)	396,103
Loans falling due within one year	(114,862)	202	(114,660)
Loans falling due after more than one year	(117,794)	112,951	(4,843)
	<u>198,871</u>	<u>77,729</u>	<u>276,600</u>

Charity registration number 505310

Company registration number 01260765 (England and Wales)

**CARLETON HOUSE PREPARATORY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

CARLETON HOUSE PREPARATORY SCHOOL

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	G H Beck - Chair of Trustees J P Burns E Czarnecki S L Fletcher C M Harrison S M Hegarty C B Holguin M Joe T Manning L Morrison	(Appointed 18 January 2023) (Appointed 1 February 2023)
Charity number	505310	
Company number	01260765	
Registered office	145 Menlove Avenue Liverpool Merseyside L18 3EE	
Auditor	Xeinadin Audit Limited 2 Hilliards Court Chester Business Park Chester Cheshire CH4 9QP	

CARLETON HOUSE PREPARATORY SCHOOL

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CARLETON HOUSE PREPARATORY SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report and financial statements for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and 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).

Objectives and activities

The Head Teacher and all staff have supported the school and worked hard to maintain high school standards. The Governing Body of the school is also actively involved in the oversight of the management of the school and in setting new objectives for the school for the future.

Carleton House provides equal opportunities for all staff and pupils.

The school is committed to the safeguarding of children and its policies and procedures reflect this. All policies and procedures are updated as appropriate and are available at the school for inspection.

In setting the School's objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefits and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

Carleton House was ranked as the highest-placed independent preparatory school in Merseyside by the most recent Sunday Times Parent Power Schools Guide. It was ranked 10th overall nationally.

The majority of our pupils obtain their first choice preference at secondary school level. The places secured for 2021-2022 were as follows:

The Blue Coat School - 14 pupils
St Mary's College - 3 pupils
Merchant Taylors' College - 1 pupil
St Margaret's Academy - 1 pupil
Belvedere Academy - 1 pupil
Calderstones School - 1 pupil
King David High School - 1 pupil
St Edwards College - 1 pupil

CARLETON HOUSE PREPARATORY SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The achievements of our pupils are usually measured in Statutory Attainment Tests (SATs) using a scaled score. SATs testing resumed in May 2022, however results were not published nationally. Our SATs results remained in line with those high scores achieved in previous years but comparison against other schools and national figures was not possible.

The School continued to provide a daily hot lunch for every child prepared by their own chef in the kitchen to meet national food standards in schools. The quality of food and choice is closely monitored and has been a great success with the children and staff.

The School has an active choir which is asked to perform at the Metropolitan Cathedral Christmas Concert every year and has taken part in a local Catholic school choir festival.

The School runs a vibrant and positive music programme for pupils with the outside resources of Pulse Music Liverpool. This has firmly cemented the development of a school wide introduction to music and we have a school orchestra. All junior school pupils are offered musical tuition on an instrument and the chance to join the school orchestra. Pupils are invited to take part in concerts at Christmas or at the end of the school year to celebrate their achievements. Pupils are also provided with the opportunity to take musical exams.

The school provides an extensive range of extra curricular clubs including debating, first aid, dance, judo, chess and a wide variety of sports clubs.

Fundraising activities and income generation

The school has continued to support local charities, including Cafod, Bridge 2, South Liverpool Foodbank and the Whitechapel Centre for the homeless as well as other local and national good causes and charities.

Financial review

In what has been a difficult year with high amounts of financial uncertainty, the Board of Trustees have continued to evaluate the reserves requirements to ensure the continued running of the school. Due to prudent financial management over recent years, our reserves have been growing, which meant that we were in a strong position to mitigate the financial risks arising from the pandemic. As a general rule, the Board of Trustees have decided that the school should have cash reserves equivalent to between three and six months costs for business as usual operations, although this may be reduced in periods where significant capital investment is needed.

The current year surplus is £173,215. The general reserve has increased to £1,221,662, including cash balances of £396,103. This is within the range of reserves agreed by the Board of Trustees, although some of the retained reserves have been set into a specific fund which will be utilised to finance an ambitious development of the current premises, which is planned to be phased over the next three years.

The principal source of funding is the fees charged to parents for the provision of school places for their children.

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

Construction was recently completed on a new purpose built modern cloakroom which replaced our previous cloakroom which was housed in the original conservatory to the house. As outlined in our financial review, our growth in reserves will be partially utilised to fund a scheduled programme of building refresh for the coming years, including internal and external refurbishment and the re development of the EYFS playground.

CARLETON HOUSE PREPARATORY SCHOOL

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Structure, governance and management

Carleton House Preparatory School Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 28 May 1976.

The Memorandum and Articles of Association were altered by special resolution on 18th June 2020.

The principal object of the company is to provide a first class, independent co-educational school to pupils aged 3 to 11 years. The Head Teacher is a member of the Independent Schools Association, which gives accreditation by the Independent Schools Council. The School is a Catholic School which accepts children of other denominations and faiths. It has strong links with the Archdiocese of Liverpool and the Parish of Our Lady of the Annunciation Bishop Eton.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

G H Beck - Chair of Trustees

M I Arshad (Appointed 16 September 2021 and resigned 30 August 2022)

J P Burns

E Czarnecki

D J Fletcher (Resigned 6 July 2022)

S L Fletcher

C M Harrison

S M Hegarty (Appointed 18 January 2023)

C B Holguin

M Joe (Appointed 1 February 2023)

M Kirby (Resigned 7 June 2022)

T Manning

L Morrison

S J Swanson (Resigned 6 July 2022)

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Board of Trustees determines the general strategy and policy of the school, but the day-to-day management of the school is delegated to the Head Teacher. The Board meets at least termly and there are a number of sub-committees convening such areas as Curriculum and Safeguarding, Finance, Buildings and Health and Safety and Pay and Appraisal.

The trustees who served during the year are shown on page one. Trustees are appointed by the Board of Trustees (also known as the Governing Body) and serve for a period of three years. Upon the end of each three-year term, trustees are eligible for re-election. Vacant trustee positions are advertised with a current equal number of external trustees and trustees who are current parents of the school. New trustees are provided with an introduction into the nature and running of the school.

Auditor

In accordance with the company's articles, a resolution proposing that Xeinadin Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

CARLETON HOUSE PREPARATORY SCHOOL

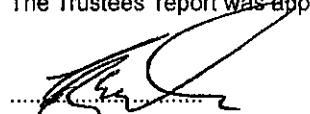
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They 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 Beck - Chair of Trustees
Trustee

Date:23.5.23.....

CARLETON HOUSE PREPARATORY SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees, who are also the directors of Carleton House Preparatory School 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 charity 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 charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CARLETON HOUSE PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARLETON HOUSE PREPARATORY SCHOOL

Opinion

We have audited the financial statements of Carleton House Preparatory School (the 'charity') for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 charity 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 charity'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.

CARLETON HOUSE PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CARLETON HOUSE PREPARATORY SCHOOL

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity 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 charity 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the school through discussions with Trustees and other management, and from our knowledge and experience of academy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy, including the Companies Act 2006, data protection, anti-bribery, employment, food hygiene and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management team and inspecting legal correspondence; and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of noncompliance throughout the audit.

CARLETON HOUSE PREPARATORY SCHOOL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CARLETON HOUSE PREPARATORY SCHOOL

We assessed the susceptibility of the school's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management team as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

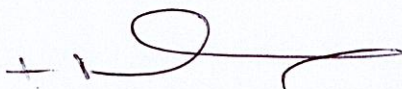
To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Helen Furlong FCCA (Senior Statutory Auditor)
for and on behalf of Xeinadin Audit Limited

24.05.2023

Accountants
Statutory Auditor

2 Hilliards Court
Chester Business Park
Chester
Cheshire
CH4 9QP

CARLETON HOUSE PREPARATORY SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<u>Income from:</u>			
Donations and legacies	3	15,784	31,893
Charitable activities	4	1,603,667	1,395,714
Investments	5	-	76
Total income		<u>1,619,451</u>	<u>1,427,683</u>
<u>Expenditure on:</u>			
Charitable activities	6	<u>1,446,236</u>	<u>1,340,814</u>
Net income for the year/ Net movement in funds		173,215	86,869
Fund balances at 1 September 2021		<u>1,048,447</u>	<u>961,578</u>
Fund balances at 31 August 2022		<u><u>1,221,662</u></u>	<u><u>1,048,447</u></u>

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

All income and expenditure derive from continuing activities.

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

CARLETON HOUSE PREPARATORY SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,404,447		1,271,769
Current assets					
Stocks	12	1,067		1,245	
Debtors	13	1,284,216		1,215,468	
Cash at bank and in hand		396,103		431,527	
		<u>1,681,386</u>		<u>1,648,240</u>	
Creditors: amounts falling due within one year	14	<u>(1,768,328)</u>		<u>(1,675,768)</u>	
Net current liabilities			(86,942)		(27,528)
Total assets less current liabilities			<u>1,317,505</u>		<u>1,244,241</u>
Creditors: amounts falling due after more than one year	15		(95,843)		(195,794)
Net assets			<u><u>1,221,662</u></u>		<u><u>1,048,447</u></u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	19	<u>1,221,662</u>		<u>1,048,447</u>	
			<u>1,221,662</u>		<u>1,048,447</u>
			<u><u>1,221,662</u></u>		<u><u>1,048,447</u></u>

The financial statements were approved by the Trustees on 22/5/23


 G.H. Beck - Chair of Trustees
 Trustee

Company registration number 01260765

CARLETON HOUSE PREPARATORY SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	22		255,671		213,009
Investing activities					
Purchase of tangible fixed assets		(177,942)		(20,589)	
Investment income received		-		76	
Net cash used in investing activities			(177,942)		(20,513)
Financing activities					
Repayment of bank loans		(113,153)		(90,461)	
Net cash used in financing activities			(113,153)		(90,461)
Net (decrease)/increase in cash and cash equivalents			(35,424)		102,035
Cash and cash equivalents at beginning of year			431,527		329,492
Cash and cash equivalents at end of year			<u>396,103</u>		<u>431,527</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Charity information

Carleton House Preparatory School is a private company limited by guarantee incorporated in England and Wales. The registered office is 145 Menlove Avenue, Liverpool, Merseyside, L18 3EE.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. 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 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 charity 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.

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.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Cash donations are recognised on receipt. Other donations are recognised once the charity 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.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 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 property	Over 50 years - buildings only
Freehold improvements	5-25 years straight line
Plant & IT equipment	3-5 years straight line
Fixtures and fittings	2-6 years straight line

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.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible 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).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

1.9 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.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.10 Financial instruments

The charity 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 charity's balance sheet when the charity 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.

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.

Derecognition of financial liabilities

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

1.11 Retirement benefits

Retirement benefits for employees who are teachers at the School are provided by the Teachers' Pension Scheme (TPS). The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The School also contributes to personal pension plans for administrative employees and the pension charge represents the amounts payable by the School.

1.12 Leases

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.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

2 Critical accounting estimates and judgements

In the application of the charity'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	Unrestricted funds
	2022	2021
	£	£
Donations	15,784	1,055
Government grants	-	30,838
	<u>15,784</u>	<u>31,893</u>

4 Charitable activities

	2022	2021
	£	£
School fees	1,432,076	1,239,522
Other income	171,591	156,192
	<u>1,603,667</u>	<u>1,395,714</u>

5 Investments

	Total Unrestricted funds	
	2022	2021
	£	£
Interest receivable	-	76
	<u>-</u>	<u>76</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

6 Charitable activities

	School expenses 2022 £	School expenses 2021 £
Staff costs	979,537	922,890
School expenses	128,287	99,902
School meals expenditure	42,196	35,276
School trips expenditure	40,700	13,368
Repairs and maintenance	19,715	31,387
Motor and travel	9,062	19,588
Rates	6,720	7,127
Light, heat and power	19,214	15,355
Telephone and IT	17,238	20,013
Photocopier	4,082	4,706
Membership and professional subscriptions	16,623	12,556
Insurance	58,550	50,272
Training costs	5,657	8,132
Bad debts	(9,002)	-
Sundry expenses	8,668	824
	<u>1,347,247</u>	<u>1,241,396</u>
Share of governance costs (see note 7)	98,989	99,418
	<u>1,446,236</u>	<u>1,340,814</u>

7 Governance costs

	2022 £	2021 £
Depreciation	45,264	45,975
Audit fees	10,276	15,100
Legal and professional	43,449	38,343
	<u>98,989</u>	<u>99,418</u>
Analysed between Charitable activities	<u>98,989</u>	<u>99,418</u>

Governance costs includes payments to the auditors of £5,400 (2021- £5,775) for audit fees.

8 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

9 Employees

The average monthly number of employees during the year was:

	2022	2021
	Number	Number
Teaching	25	26
Finance and admin	2	2
Facilities	5	5
Total	<u>32</u>	<u>33</u>

Employment costs

	2022	2021
	£	£
Wages and salaries	805,589	751,001
Social security costs	65,943	61,068
Other pension costs	108,005	110,821
	<u>979,537</u>	<u>922,890</u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2022	2021
	Number	Number
£60,001 to £70,000	-	1
£70,000 to £80,000	1	-
	<u>1</u>	<u>1</u>

The key management personnel of the School comprises the Trustees, the Head Teacher, the deputy Head Teacher and the Busar from May 2022. The schools Trustees are not remunerated. The total amount of employee benefits (including employer pension contributions) received by the Head Teacher and the deputy Head Teacher was £175,895. (2021: £196,889 - also included an assistant Head Teacher). It represents remuneration for these two members of staff who are all substantially involved in teaching and the supervision of students.

10 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

11 Tangible fixed assets

	Freehold property £	Plant & IT equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	1,466,163	291,777	164,432	1,922,372
Additions	175,791	-	2,151	177,942
Disposals	-	(198,573)	(123,607)	(322,180)
At 31 August 2022	1,641,954	93,204	42,976	1,778,134
Depreciation and impairment				
At 1 September 2021	239,870	258,865	151,868	650,603
Depreciation charged in the year	27,866	12,983	4,415	45,264
Eliminated in respect of disposals	-	(198,573)	(123,607)	(322,180)
At 31 August 2022	267,736	73,275	32,676	373,687
Carrying amount				
At 31 August 2022	1,374,218	19,929	10,300	1,404,447
At 31 August 2021	1,226,293	32,912	12,564	1,271,769

Included in land and buildings is freehold land at a valuation of £500,000 (2021:£500,000) which is not depreciated.

12 Stocks

	2022 £	2021 £
Sundry stocks	1,067	1,245

13 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,241,569	1,191,401
Other debtors	4,976	1,503
Prepayments and accrued income	37,671	22,564
	1,284,216	1,215,468

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	17	114,660	114,862
Trade creditors		12,660	27,419
Other taxation and social security		15,054	16,203
Other creditors		70,791	114,565
Accruals		266,313	213,371
Deferred income	16	1,288,850	1,189,348
		<u>1,768,328</u>	<u>1,675,768</u>

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans	17	4,843	117,794
Other creditors		91,000	78,000
		<u>95,843</u>	<u>195,794</u>

16 Deferred income

	2022 £	2021 £
Arising from Deferred income	<u>1,288,850</u>	<u>1,189,348</u>

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Deferred income is included within:		
Current liabilities	<u>1,288,850</u>	<u>1,189,348</u>
Movements in the year:		
Deferred income at 1 September 2021	1,189,348	1,137,485
Released from previous periods	(1,189,348)	(1,137,485)
Resources deferred in the year	<u>1,288,850</u>	<u>1,189,348</u>
Deferred income at 31 August 2022	<u>1,288,850</u>	<u>1,189,348</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16 Deferred income

(Continued)

School fees are invoiced in July for the coming academic year, and are therefore included in deferred income at the year end.

The prior year deferred income balance has been released in full in the year, and the total current year balance has been deferred for this year.

17 Loans and overdrafts

	2022	2021
	£	£
Bank loans	119,503	232,656
Payable within one year	114,660	114,862
Payable after one year	4,843	117,794

The bank loan is secured on the company's freehold property by way of a first legal charge in favour of the bank. Interest is charged at 2.75% over the bank's base rate. The charges were satisfied after the year end.

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Retirement benefit schemes

Defined contribution schemes

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in schools and from 1 January 2007, automatic for teachers in part-time employment. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment and Savings) Directions 2019. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer contribution correction cost of 7.3% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2016 determines an employer rate of 23.68%, which was payable from September 2019.

The employer pensions costs paid to TPS in the year amounted to £99,234 (2021: £102,724).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Under definitions set out in FRS102, the TPS is an unfunded multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The School also makes contributions to personal pension plans for non-teaching staff. The total cost of these contributions was £8,771 (2021: £7,949).

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 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 2022 £
	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Transfers £	
Site development fund	43,200	-	-	20,000	63,200
Personal donations fund	5,046	3,877	(771)	(8,152)	-
General funds	1,000,201	1,615,574	(1,445,465)	(11,848)	1,158,462
	<u>1,048,447</u>	<u>1,619,451</u>	<u>(1,446,236)</u>	<u>-</u>	<u>1,221,662</u>

Comparative information in respect of the preceding period is as follows:

	Movement in funds				Balance at 31 August 2022 £
	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Transfers £	
Site development fund	43,200	-	-	-	43,200
Personal donations fund	5,196	257	(407)	-	5,046
General funds	913,182	1,427,426	(1,340,407)	-	1,000,201
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,048,447</u>	<u>1,427,683</u>	<u>(1,340,814)</u>	<u>-</u>	<u>1,048,447</u>

20 Operating lease commitments

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

	2022 £	2021 £
Within one year	7,308	7,100
Between two and five years	10,466	19,615
	<u>17,774</u>	<u>26,715</u>

CARLETON HOUSE PREPARATORY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

21 Related party transactions

Trustees whose children attend the school pay fees at the same rate as any other parent.

In addition the school engaged the services of J & S Partnership, a business in which the Trustee J P Burns has a material interest, to construct a conservatory. The transaction was at arms' length and amounted to £167,400. The work was awarded to J & S Partnership, following a formal tender process.

22 Cash generated from operations	2022	2021
	£	£
Surplus for the year	173,215	86,869
Adjustments for:		
Investment income recognised in statement of financial activities	-	(76)
Depreciation and impairment of tangible fixed assets	45,264	45,976
Movements in working capital:		
Decrease in stocks	178	43
(Increase) in debtors	(68,748)	(10,055)
Increase in creditors	6,260	38,239
Increase in deferred income	99,502	52,013
Cash generated from operations	255,671	213,009

23 Analysis of changes in net funds

	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	431,527	(35,424)	396,103
Loans falling due within one year	(114,862)	202	(114,660)
Loans falling due after more than one year	(117,794)	112,951	(4,843)
	<u>198,871</u>	<u>77,729</u>	<u>276,600</u>



Audit Findings Memorandum for Carleton House Preparatory School

Year ended 31 August 2022

24 May 2023



McLintocks

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The Trustees/Board of Directors
Carleton House Preparatory School
145 Menlove Avenue
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24nd May 2023

Dear Sirs

The purpose of this Audit Findings Memorandum is to highlight the key findings arising from the audit of Carleton House Preparatory School for the year ended 31 August 2022, as required by International Standard on Auditing (UK) 260.

This report relates only to those matters which came to our attention during our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, control weaknesses have been identified, we have included these in this report to you. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. 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 the finance team and other staff during the course of our audit.

Yours faithfully

A handwritten signature in black ink, appearing to read "Helen", followed by a period.

Helen Furlong FCCA
Xeinadin Audit Limited

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Section 1 : Status of the audit and our audit opinion

Matters outstanding

Matter still outstanding are:

- Signed letter of representation
- Signed accounts

Audit opinion

Our work is complete. No issues have arisen to date which required us to modify our audit report.

Our audit opinion therefore for the period ended 31st August 2022 is unmodified.

Completion and submission timetable

Event	Date
Audit clearance meeting	22 nd May 2023
Board meeting to approve financial statements	22 nd May 2023
Audit report approval	24 st May 2023

Section 2: Audit finding – risks identified at the planning stage

Audit risk identified	Level of risk	Audit approach	Audit findings
<p>Incompleteness of cash income, incorporating fraud risk – Although all possible controls have been put in place to eliminate this as much as is physically possible, there is always a risk by nature of incompleteness of cash income.</p>	Medium	<p>We undertook the following audit procedures in relation to cash income:</p> <ul style="list-style-type: none"> – Review controls in place & suggest any possible improvements – Be aware of the possibility of incompleteness when testing areas with cash income – Review for any significant fluctuations with previous year – Enquire of any irregularities during the year under review & based on findings audit testing will be expanded if considered necessary 	<ul style="list-style-type: none"> – No significant fluctuations with previous year to report. – We did not encounter any irregularities. – No other exceptions to report.
<p>Related party transactions – Under ISA 550 there is a risk that related parties transactions are not appropriately recorded or disclosed</p>	High	<p>We undertook the following audit procedures in relation to related parties transactions:</p> <ul style="list-style-type: none"> – Based on review of pecuniary interests declarations of trustees & key management personnel, along with further appropriate audit procedures, a list will be compiled of all identified related parties & the nature of the relationship with them. – Review note in financial statements for completeness and accuracy of presentation – Ensure transactions outside the normal scope of business are appropriately treated and reported – Assess whether related party transactions are performed at arms length – Be vigilant to identify any possible related party transactions as part of our audit testing. 	<ul style="list-style-type: none"> – Any conflicts of interests are declared at board meetings with annual register of trustees and key management personnel other business interests is updated and maintained. – Related party transactions appear to have been appropriately performed at arms length. – Disclosures within the financial statements appear to be appropriate.

Section 2: Audit finding – risks identified at the planning stage

Audit risk identified	Level of risk	Audit approach	Audit findings
<p>Income and expenditure transactions – As this is our first year auditing the entity there is a presumed increased inherent, control and detection risk.</p>	<p>Medium</p>	<p>We undertook the following audit procedures in relation to income and expenditure transactions.</p> <ul style="list-style-type: none"> – Reviewed controls in place, identifying any weaknesses and suggest any possible improvements. – Our usual audit tests will be performed, however our sample size will be increased in order to obtain adequate audit comfort 	<ul style="list-style-type: none"> – We See section 5 for recommendations for possible improvements to controls in place. – No issues to report based on sample tested. – No irregularities were reported to ourselves in relation to the year under review.
<p>Management override – Under ISA 240 there is a presumed risk that management over-ride of controls is present</p>	<p>High</p>	<p>We undertook the following audit procedures in relation to management override:</p> <ul style="list-style-type: none"> – Reviewed accounting estimates, judgements and decisions made by management – Performed testing of a sample of journal entries – Reviewed controls around journals – Reviewed unusual significant transactions 	<ul style="list-style-type: none"> – Accounting estimates, judgements and decisions by management appear reasonable and in line with expectations. – No issues to report on journal entries. – We have reviewed the controls in place for the posting and authorising of journals. – Reviewed a sample of journals posted at the end of the year with no exceptions to report. – No exceptions to report.
<p>Accounting estimates: Deferred Income – By nature deferred income is considered medium risk.</p>	<p>Medium</p>	<p>We undertook the following audit procedures in relation to deferred income:</p> <ul style="list-style-type: none"> – Reviewed accounting estimates, judgements and decisions made by management – We reviewed the basis for deferring income & ensured that this is valid, complete and has been correctly & consistently recorded in accordance with in SORP 	<ul style="list-style-type: none"> – Accounting estimates, judgements and decisions by management appear reasonable and in line with expectations. – Based on our audit testing we are satisfied that the basis for deferring income is valid, complete and has been correctly and consistently recorded in accordance with the SORP.

Section 3: Key audit estimates

Accounting estimate	Audit approach	Audit findings and impact on financial statements
Depreciation rates	Depreciation proof in total testing. Where this results in a significant variance, recalculations of individual asset depreciation charges has been performed	<p>No issues noted. Depreciation charges appear to be reasonable and are in line with the accounting policy.</p> <p>The policy is appropriately disclosed in the financial statements.</p>
Prepayments & accrued income	Where appropriate substantive testing has been performed on prepayments & accrued income alongside an analytical review against those held in previous years.	No issues noted, prepayments & accrued income appear reasonable and are in line with our expectations.
Accruals & deferred income	Where appropriate substantive testing has been performed on accruals & deferred income alongside an analytical review against those held in previous years.	No issues noted, accruals & deferred appear reasonable and are in line with our expectations.

Section 4: Other communication requirements

Audit approach	Audit findings and impact on financial statements
Accounting policies	We have reviewed the accounting policies, particularly those involving any key judgements and have no matters to bring to your attention.
Laws and regulations	We have not identified any significant matters of non-compliance with laws and regulations.
Matters in relation to fraud	We have previously discussed the risk of fraud with management and we have not been made aware of any incidents in the period. No issues have been identified during the course of our audit procedures.
Written representations	See letters of representation for specific representations for the purpose of our audit.
Financial statement disclosures	Disclosures in the financial statements appear appropriate and in line with Charities SORP (FRS 102).
Related parties	We have not identified any instances of previously undisclosed related parties.

Section 5: Design and operating effectiveness control

During our audit we considered the internal controls relevant to the preparation of the financial statements in order to design appropriate audit procedures, but not for the purpose of expressing an audit opinion on their effectiveness.

The matters reported below are limited to those deficiencies identified during the course of our audit and that we consider to have sufficient importance to merit being reported to you in accordance with ISA 265.

Risk Assessment

- *Low risk – improvements can be made but the matter is not considered fundamental*
- *Moderate risk – the matter is considered to be significant and should be addressed within the next 3-6 months*
- *High risk – the matter is considered to be fundamental and should be actioned by management as soon as possible*

Current period recommendations (2022)

Risk assessment	Observation	Recommendations	Management's response
●	It was found that a large amount of assets included in the fixed asset register were historic and either no longer owned or no longer in use by the school.	In addition to an annual impairment an annual review should be done, with any assets no longer in use or owned to be removed from the accounting records.	
●	Some expenditure samples purchase invoices were not authorised.	All purchase invoices should be correctly authorised in line with policies and procedures in place.	

Section 5: Design and operating effectiveness control

Current period recommendations (2022)

Risk assessment	Observation	Recommendations	Management's response
●	No evidence of authorisation was found on the BACS report/export for expenditure sample payments.	All BACS reports/exports need to be authorised prior to payments being released.	
●	Bookkeeping invoice was paid out of petty cash rather than BACS.	A monetary limit should be placed on the amount which can be paid from petty cash, anything over that limit would not be considered 'petty' and therefore be paid by BACS.	
●	No fully implemented financial procedures handbook.	Financial procedures handbook to be implemented and then subsequently reviewed annually to ascertain whether procedures in place are still applicable and appropriate for the charity. Any review should be evidenced.	
●	Credit balance brought forward from prior 2 years ago relating to nursery early years funding from Liverpool City Council.	This will need to be investigated further in case of any potential repayment to Liverpool City Council.	

Section 6: Summary of audit adjustments

Below we present the following:

Adjusted misstatements – these are adjustments identified during the course of the audit which have been processed through the financial statements following agreement with management and those charged with governance

No adjusted misstatements found

Unadjusted misstatements – these are potential adjustments identified during the course of our audit work which are not significant for adjustment.

Journal reference	Details	Balance Sheet		Income and Expenditure		Surplus/(Deficit) effect (£)
		Dr	Cr	Dr	Cr	
	Surplus/(Deficit) per final financial statements					173,215
1	Dr Accruals Cr Accountancy/Audit Fees <i>Being: Audit accrual in excess of the requirement</i>	19,253			19,253	19,253
	Surplus/(Deficit) if unadjusted journals were posted					192,468

Section 7: Other matters

Going concern

Management has confirmed their assessment that the entity is expected to continue for a period greater than twelve months from the date of signing these financial statements.

Independence and ethics

We can confirm that there are no significant facts or matters that impact our independence as auditors that we are required or wish to draw to your attention.

We have fully complied with the Financial Reporting Council's Ethical Standards and confirm we are independent and are able to express an objective opinion on the financial statements.

Respective responsibilities

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

Quality of service

We take the quality of our audits extremely seriously and it is our priority to provide you with a high quality service and to develop a successful, long-term working relationship.

We welcome and are grateful to receive any comments you or any member of your team might have.