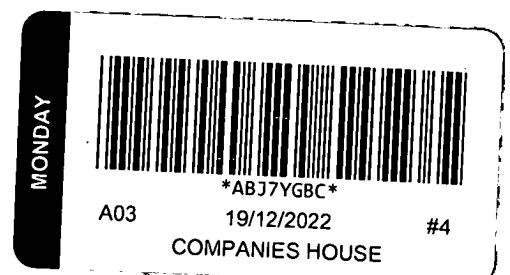


Birtenshaw Merseyside
(A company limited by guarantee)
Report and Financial Statements
Year ended 31 March 2022
Charity number 1176826
Company number: 10500399



The Trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ended 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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).

Structure, governance and management

Birtenshaw Merseyside is a subsidiary of the Birtenshaw group.

Birtenshaw Merseyside is a registered charity and a company limited by guarantee, governed by its Articles of Association.

Strategic development and governance decisions are made by the Board of Trustees, on advice provided by the Chief Executive, with the bulk of the work carried out by a very strong Committee structure following a Directorate model:

1. School Governing body
2. Audit, Finance and Risk

Each of these committees, is chaired by a Trustee and comprises other Trustees, the Chief Executive and the Department Head responsible for the respective Directorate. The full Board of Trustees meets on a bi-monthly basis, following the Directorate Committee meetings.

The Board of Trustees are advised and briefed by the Chief Executive, supported by the Senior Executive Team. This team meet on a weekly basis to ensure the smooth running of the organisation, linked to the Senior Management Team and the wider Management Team.

The Chief Executive communicates with the Chair on a regular basis to discuss the running of the organisation. Major issues are discussed and solutions are agreed where necessary. This enables the Board of Trustees to keep up to date with all services and activities at Birtenshaw Merseyside.

Trustee recruitment and induction

Trustee vacancies are promoted widely, normally in the media and via other organisations and professional bodies so as to encourage a broad and diverse range of applicants. Candidates are invited for a site- visit, encouraged to attend at least one Board meeting and interviewed by the Chair of the Board and the Chief Executive Officer who subsequently make an appointment recommendation to the Board.

On appointment, Trustees are allocated to the Committee structure as appropriate. All new Trustees are provided with an induction which includes relevant reading materials related to the governance of the charity. Training is offered to Trustees as required and a short training session on key issues is provided by the Charity Solicitor at each Board meeting. When circumstances allow an 'away day' event is held annually for Trustees to review and update the strategic plan.

Key management personnel

The Trustees have identified the Senior Executive Team as the key management personnel of the charity. Executive pay is agreed by the Board via an externally commissioned executive pay benchmarking exercise bi annually.

Objectives and activities

The Trustees refer to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The objects of the Charity as set out in the Articles of Association are

- The advancement of the education of the public in particular but not so as to limit the generality of the foregoing by the provision and maintenance of a school or schools for children and adults with special educational needs and disability;
- To relieve the needs of children and adults who are disabled or those with special educational needs by providing residential homes, associated amenities and/or care services;
- To provide or assist in the provision of facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

The Trustees confirm that Birtenshaw Merseyside has complied with Charity Commission guidelines in relation to Public Benefit.

Birtenshaw Merseyside was established in 2018. A new state of the art special school opened in January 2018 with the first cohort of pupils joining in September 2018. The school includes a range of classroom sizes enabling individual, paired or small group learning environments. There is a sports hall, health and 25m hydrotherapy suite, a range of light and dark sensory rooms, IT and library facilities, a play safe room and a fully kitted out flat where young people can learn independent living skills. The site is on a long-term lease agreement and all the staff are employed jointly by Birtenshaw and Birtenshaw Merseyside.

Principal risks and uncertainties

The management of activities and the implementation of the Birtenshaw Merseyside strategy are subject to a number of risks. The key risks are considered to be reputational such as a serious safeguarding incident, and Regulatory and Compliance matters which could all result in reduced funding. Safeguarding risks are mitigated by ensuring there are robust policies and procedures in place which include recruitment, induction and training for staff, a culture of openness and reporting, internal and external monitoring inspections and reports. Regulatory and compliance risks are mitigated by having policy and procedures aligned with regulations, regulatory inspections, internal and external monitoring inspections and an experienced and knowledgeable staff team.

The Trustees consider exposure to credit risk to be limited as the organisation does not have any external investments. Market risk is always a risk for the organisation, especially due to the current economic situation, however plans are in place and regular budgeting is carried out to mitigate this risk. Liquidity risk is not a risk to the organisation due to its strong cash position.

Birtenshaw group has a risk register which is regularly reviewed by the Senior Executive Team and the Board of Trustees and appropriate processes put in place to monitor and mitigate them.

The process for this is: the risk is identified; control measures are applied to transfer the risk, for example, insurance or activity carried out by another service, accept or tolerate the risk, or, treat or

control the risk, or, stop the activity. Risk is re-assessed at planned regular intervals to monitor and review the effectiveness of either the risk control or the solution.

Achievements and performance

The Charity provides high quality services and continues to invest in infrastructure and the school facility. The school was successful in an application to the Department of Education to increase registered numbers from 50 to 80 pupils and is now operating at full capacity.

Plans for future periods

Birtenshaw Merseyside's main focus continues to be the delivery of high quality services to larger numbers of pupils with special needs.

Financial review

Birtenshaw Merseyside opened January 2018 but was not fully operational until the first cohort of pupils joined at the start of the 2018/2019 academic year. Since that time pupil numbers have increased and the school is operating at full capacity.

Total incoming resources for the year were £4.9m (£4.7m 2020-21), with total resources expended £3.2m (£2.9m 2020-21), meaning that net incoming resources for the 2021-22 year were circa £1.8m. The Charity is considered a going concern as pupil numbers are near full capacity and liabilities can be met as they fall due.

No material income was received from fundraising events.

Covid 19

Birtenshaw continued to run essential education services throughout the pandemic. Income from these services is unaffected with local authorities committed to paying the fees. Some other discretionary services have resulted in a loss of income. We have taken measures to reduce costs where possible to offset any loss of income. To date there has been no adverse impact against budget of the net surplus of the organisation. Birtenshaw has not needed to access any of the Government schemes.

Reserves policy

The Trustees are responsible for ensuring that the Charity maintains an appropriate level of reserves to meet assessed risk and to manage cash flow. Birtenshaw Merseyside is required to quantify the free reserves position when applying the SORPs definition of free reserves. At 31 March 2022 the free reserves figure is £3.2m (2021: £1.5m).

For the purposes of short and medium term financial management, the Trustees are more concerned with management of cash, and have a target of holding cash levels sufficient to fund three months of ongoing unrestricted expenditure to cover the unlikely eventuality of a material decline in incoming resources. The School is near capacity and demand for services is high with no indication of a downturn.

Operational forecasts are made with a high degree of certainty as they are based on age profiles of the service users and placement growth. In addition the source of income i.e. contract income from local authorities is stable and reliable. The Trustees consider the charity should be holding six months of expenditure in cash reserves, based on 22/23 forecasts this would equate to £1.8m. The 31 March 2022 cash position is £3.7m therefore exceeding the target.

Trustees' responsibilities

The Trustees (who are also directors of Birtenshaw Merseyside) for the purposes of company law) are responsible for preparing the Trustees' Report and the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

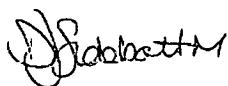
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Small Company regime

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

This report was approved by the Board of Trustees on 06 December 2022 and signed on its behalf by:



Deborah Sidebottom
Chair of the Board of Trustees

Reference and administrative details

Charity number: 1176826
Company number: 10500399
Registered Office: Darwen Road, Bromley Cross, Bolton. BL7 9AB

Our advisers

| | | |
|--------------------------|---|--|
| External Auditors | Beever and Struthers Statutory Auditors | St George's House, 215-219 Chester Road, Manchester M15 4JE. |
|--------------------------|---|--|

| | | |
|----------------|--------------|-------------------------------|
| Bankers | NatWest Bank | 24 Deansgate, Bolton, BL1 1BN |
|----------------|--------------|-------------------------------|

| | | |
|-------------------|-----------------------|---|
| Solicitors | Shakespeare Martineau | Waterfront House, Waterfront Plaza, Nottingham NG2 3DQ |
|-------------------|-----------------------|---|

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees for the purpose of charity law.

The Trustees and officers serving during the year and since the year end were as follows:

Key management personnel Birtenshaw: Trustees' and Directors

Trustees

| | |
|-----------------|--|
| Mr D Sidebottom | Chair of the Board of Trustees |
| Mr G Tomison | (Term of office ended 17 September 2021) |
| Mr A Morse | |
| Ms K Brown | (Resigned 07 September 2021) |
| Mr J Pilkington | |
| Mr M Walmsley | Chair of Audit, Finance and Risk Committee |
| Mr R Armitage | |
| Mr T Long | |
| Ms H Kirk | (Term of office ended 12 June 2021) |
| Ms D Thompson | Chair of Education Committee |
| Mr R Ayra | (Appointed 29 March 2022) |
| Mr C Ashton | (Appointed 06 December 2022) |

Key management personnel:

Chief Executive: David Reid
Deputy Chief Executive:
Operations
Deputy Chief Executive:
Resources

Independent Auditor's Report to the members of Birtenshaw Merseyside

Opinion

We have audited the financial statements of Birtenshaw Merseyside "the charitable company" for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and the related notes note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 March 2022 and of its incoming resources and application of resources profit for the 31 March 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the other information. 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.

In connection with our audit of the financial statements 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

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

Matters on which we are required to report by exception

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

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

- 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 trustees' report; or
- 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.
- 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 Trustees' Responsibilities Statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

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 company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply 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 company, including the Companies Act 2006, the Charities Act 2011, and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- 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:

- tested journal entries to identify unusual transactions.
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Sue Hutchinson (Senior Statutory Auditor)



For and on behalf of

BEEVER AND STRUTHERS

Statutory Auditor

St George's House

215/219 Chester Road

Manchester M15 4JE

Date: 15 December 2022

Birtenshaw Merseyside

Statement of Financial Activities for year ended 31 March 2022

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2022 £ | Total Funds 2021 £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from: | | | | | |
| Donations and grants | 3 | 14,130 | - | 14,130 | 28,359 |
| Charitable activities | 4 | 4,860,638 | - | 4,860,638 | 4,630,914 |
| Other trading activities | 5 | 51,166 | - | 51,166 | 13,517 |
| Total income | | 4,925,934 | - | 4,925,934 | 4,672,790 |
| Expenditure on: | | | | | |
| <i>Expenditure on charitable activities:</i> | | | | | |
| Charitable activities | 6 | 3,243,066 | 4,409 | 3,247,475 | 2,870,384 |
| Total expenditure | | 3,243,066 | 4,409 | 3,247,475 | 2,870,384 |
| Net (expenditure) and net movement in funds for the year | | 1,682,868 | (4,409) | 1,678,459 | 1,802,406 |
| Total Funds brought forward | | 1,736,127 | 17,638 | 1,753,765 | (48,641) |
| Total funds carried forward | | 3,418,995 | 13,229 | 3,432,224 | 1,753,765 |

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

All income and expenditure derive from continuing activities.

See Note 25 for Comparative Statement of Financial Activities for year ended 31 March 2021

Birtenshaw Merseyside**Balance Sheet as at 31 March 2022**

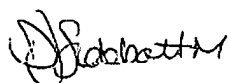
| | Note | 2022 | | 2021 | |
|--|------|------------------|-------------------------|------------------|-------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 184,638 | | 240,896 |
| Current assets | | | | | |
| Debtors | 15 | 237,381 | | 138,029 | |
| Cash at bank and in hand | | 3,775,351 | | 2,270,070 | |
| | | <u>4,012,732</u> | | <u>2,408,099</u> | |
| Creditors: amounts falling due within one year | 16 | <u>(765,146)</u> | | <u>(866,883)</u> | |
| Net current assets | | | 3,247,586 | | 1,541,216 |
| Total assets less current liabilities | | | <u>3,432,224</u> | | <u>1,782,112</u> |
| Creditors: amounts falling due after more than one year | 18 | | - | | (28,347) |
| Net Assets | | | <u><u>3,432,224</u></u> | | <u><u>1,753,765</u></u> |
| Income funds | | | | | |
| Restricted funds | 21 | | 13,229 | | 17,638 |
| Unrestricted funds | | | 3,418,995 | | 1,736,127 |
| Total funds | | | <u><u>3,432,224</u></u> | | <u><u>1,753,765</u></u> |

These financial statements were approved and authorised for issue by the Trustees on 06 December 2022 and signed on their behalf by:

The Trustees have prepared accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 14 to 25 form part of these accounts

Ms D Sidebottom
Chair of the Board of Trustees



Trustee

Mr M Walmsley



Trustee

Approved by the Trustees on 06 December 2022

Birtenshaw Merseyside

Statement of Cash Flows for year ended 31 March 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Net cash generated from Operating Activities | 1,597,231 | 1,952,241 |
| Cash flow from investing activities | | |
| Purchase of tangible fixed assets | (28,406) | (126,414) |
| Interest received | 316 | 26 |
| | <u>(28,090)</u> | <u>(126,388)</u> |
| Cash flow from financing activities | | |
| Bank loan interest | (8,852) | (6,388) |
| Repayment of bank loans | (55,008) | (57,294) |
| Interest element on hire purchase | (-) | (6,016) |
| | <u>(63,860)</u> | <u>(69,698)</u> |
| Net change in cash and cash equivalents | 1,505,281 | 1,761,155 |
| Cash and cash equivalents at beginning of year | 2,270,070 | 508,915 |
| Cash and cash equivalents at end of year | 3,775,351 | 2,270,070 |
| Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities | | |
| | 2022 | 2021 |
| | £ | £ |
| Cash generated from operating activities | | |
| Surplus for the financial year | 1,678,459 | 1,802,405 |
| Adjustment for non cash items | | |
| Deprecation of tangible fixed assets | 84,664 | 74,890 |
| Decrease/(increase) in trade and other debtors | (99,349) | 156,503 |
| Increase/(decrease) in trade and other creditors | (75,079) | (88,905) |
| Adjustment for investing or financial activities | | |
| Interest paid | 8,852 | 12,404 |
| Interest received | (316) | (26) |
| Net cash generated from operating activities | 1,597,231 | 1,957,241 |

Analysis of changes in net debt

| | As at 01 April 2021 £ | Cash Flows £ | Other changes 2022 £ | At 31 March 2022 £ |
|--------------|-----------------------------|--------------------|-------------------------------|--------------------------|
| Group | | | | |
| Cash | 2,220,070 | 1,505,281 | - | 3,775,371 |
| Bank Loans | (64,836) | - | (32,598) | (32,237) |
| | 2,155,234 | 1,505,281 | (32,598) | 3,743,134 |

Notes on the accounts

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Birtenshaw Merseyside meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Trustees consider the financial position of the Charity on a regular basis as part of Board meeting discussions. In assessing the appropriateness of adopting the going concern basis for the preparation of these financial statements they considered the Charity's three year plan to March 2025, the progress against the plan to date, the expected and secured amount of pupil numbers and the current bank facilities. The Trustees have concluded that the forecasts that have been prepared are appropriate and that the level of secured and expected pupil numbers is of a level that sufficient income will be generated to fund its activities and consequently the Charity can meet its financial obligations as they fall due and hence have concluded that it is appropriate to consider the organisation a going concern.

c) Income

Incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income.

Income receivable is reviewed on an entitlement, certainty and measurement basis. Income not meeting this criterion is treated as deferred income.

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable.

Income for service charges receivable for children's education are recorded in the Statement of Financial Activities in the year in which they are received; amounts received that relate to academic terms subsequent to the accounting period are deferred.

Investment income is included when receivable.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these financial statements.

1. Accounting Policies (continued)

d) Resources expended

All expenditure is accounted for on an on-going basis and has been classified under headings that aggregate all costs relating to the category. Where costs cannot be directly attributed to particular activities, they have been allocated on a basis consistent with the use of the resources. The irrecoverable element of VAT is included with the item of expenses to which it relates.

- Costs of generated funds include costs associated with generating incoming resources from all sources other than from undertaking charitable activities.
- Support and central costs represent those costs incurred by the charity to meet its charitable objectives, which cannot be directly attributed to a particular charitable activity.
- Resources expended on charitable activities include all the resources applied by the charity in its undertaking to meet its charitable objectives for the school and the homes.
- Governance costs include those costs incurred in the governance of the charity's assets and are associated with constitutional and statutory requirements.

e) Reserves

Unrestricted funds are expendable at the discretion of the Trustees in furtherance of the objects of the charity; unrestricted funds comprise the accumulated surpluses and deficits of unrestricted income and expenditure. Where the Trustees set aside unrestricted funds for specific purposes these are termed designated funds. Restricted funds are those where the donor has imposed restrictions on the use of the funds which are binding. Income arising on restricted funds and expenditure in respect of these funds are reflected through the Statement of Financial Activities.

f) Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised at cost.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | | |
|----------------------------------|---|---|
| Freehold land | - | Not depreciated. |
| Freehold buildings | - | 2% per annum on a straight line basis |
| Leasehold improvements | - | Over the length of the lease |
| Assets under construction | - | Not depreciated until the asset is brought into use |
| Fixtures, fittings and equipment | - | 10% – 33% per annum on a straight line basis |
| Motor vehicles | - | 20% - 33% per annum on a straight line basis |

g) Leasing and hire purchase commitments

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred. Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are written off to the Statement of Financial Activities over the period of the lease so as to produce a constant periodic rate of charge.

1. Accounting Policies (continued)

h) Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

i) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll and governance costs which support Birtenshaw's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 8.

j) Operating leases

The charity classifies the lease of, printers, IT and sensory equipment as operating leases; the title to the equipment remains with the lessor and the equipment is replaced every 5 years whilst the economic life of such equipment is normally 10 years. Rental charges are charged on a straight line basis over the term of the lease.

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n) Financial instruments

The organisation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

o) Judgements

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the Trustees, there are no key judgements, estimates or assumptions to be disclosed.

Notes forming part of the financial statements for the year ended 31 March 2022

2. Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the charity may indemnify a Trustee or former Trustee against any liability incurred by him in that capacity to the extent permitted by sections 232 to 234 of the Companies Act 2006.

3. Income from donations and grants

| | Unrestricted Funds £ | Restricted funds £ | 2022 Total funds £ | 2021 Total Funds £ |
|---------------------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Donations | 127 | - | 127 | - |
| Grants receivable for core activities | 14,003 | - | 14,003 | 28,359 |
| | 14,130 | - | 14,130 | 28,359 |

4. Income from charitable activities

| | Unrestricted funds 2022 £ | Unrestricted funds 2021 £ |
|--|------------------------------------|------------------------------------|
| Education | 4,860,638 | 4,630,914 |
| Total income from charitable activities | 4,860,638 | 4,630,914 |

5. Income earned from other trading activities

| | 2022 £ | 2021 £ |
|--------------------------|-----------|-----------|
| Minor trading operations | 51,166 | 13,517 |

6. Analysis of expenditure on charitable activities

| | Staff Costs £ | Depreciation £ | Other Costs £ | Total 2022 £ | Total 2021 £ |
|--|------------------|-------------------|---------------------|--------------------|--------------------|
| Cost of generating funds | | | | | |
| Costs of generating donations and legacies | - | - | - | - | - |
| Charitable activities | | | | | |
| Education | 2,255,959 | 84,663 | 906,853 | 3,247,475 | 2,334,860 |
| Activities undertaken directly (note 7) | | | | | |
| Total | 2,255,959 | 84,663 | 906,853 | 3,247,475 | 2,334,860 |

7. Summary analysis of expenditure for charitable activities

This table shows the cost of the main charitable activity

| | Education £ | Total 2022 £ | Total 2021 £ |
|------------------------|----------------|--------------------|--------------------|
| Costs | | | |
| Children's Services | 31,748 | 31,748 | 34,219 |
| Catering costs | 69,997 | 69,997 | 56,749 |
| Staff-related costs | 7,547 | 7,547 | - |
| Business running costs | 676,961 | 676,961 | 652,020 |
| Motor and travel | 104,751 | 104,751 | 89,888 |
| Loan interest | 8,947 | 8,947 | 13,112 |
| Training expenses | 6,902 | 6,902 | 7,308 |
| | 906,853 | 906,853 | 853,296 |

8. Analysis of governance and support costs

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned in line with income between the key charitable activities undertaken (see note 7) in the year. Refer to the table below for the analysis of support and governance costs.

| | Education £ | Total 2022 £ | Total 2021 £ |
|-----------------------------------|----------------|--------------------|--------------------|
| Legal and other professional fees | 4,305 | 4,305 | 3,653 |
| Audit fees | 6,922 | 6,922 | 4,212 |
| Bank charges | 95 | 95 | 107 |
| Total | 11,322 | 11,322 | 7,972 |

Notes forming part of the financial statements for the year ended 31 March 2022

9. Net income/(expenditure) for the year

| | 2022 £ | 2021 £ |
|---------------------------------------|-----------|-----------|
| This is stated after charging: | | |
| Operating leases – Equipment | 1,794 | 1,672 |
| Motor vehicles | 70,763 | 61,604 |
| Properties | 404,076 | 393,036 |
| Depreciation | 84,664 | 74,860 |
| Audit fees | 5,700 | 5,335 |

10. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

| | 2022 £ | 2021 £ |
|-----------------------|------------------|------------------|
| Salaries and wages | 2,053,187 | 1,761,016 |
| Social security costs | 103,547 | 91,985 |
| Pension costs | 99,225 | 89,226 |
| | 2,255,959 | 1,942,227 |

Salary costs are met by Birtenshaw and recharged directly. The wages costs above include costs for contract workers of £225k. (2021: £168k)

The number of employees whose annual remuneration was £60,000 or more were:

| | 2022 Number | 2021 Number |
|---------------------|----------------|----------------|
| £100,001 - £110,000 | 0 | 2 |
| £120,001 - £130,000 | 1 | 0 |
| £130,001 - £140,000 | 1 | 0 |
| £180,001 - £190,000 | 1 | 1 |
| | 3 | 3 |

The charity Trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2021: £nil) neither were they reimbursed expenses during the year (2021: £nil). Related party transactions involving Trustees are detailed at note 12.

The key management personnel of the parent charity, comprise the Trustees, the Chief Executive Officer, Deputy Chief Executive: Operations and the Deputy Chief Executive: Resources. The total employee benefits of the key management personnel of the group were £603,000 (2021: £506,000).

11. Staff Numbers

The average number of employees during the year was as follows:

| | 2022 Number | 2021 Number |
|-----------|----------------|----------------|
| Education | 69 | 63 |
| | 69 | 63 |

The average number of full-time equivalent employees during the year was:

| | 2022 Number | 2021 Number |
|-----------|----------------|----------------|
| Education | 61 | 56 |
| | 61 | 56 |

12. Related party transactions

The company's immediate parent is Birtenshaw, a company incorporated in England and Wales. Company number 2978546, Charity Number 1092798. The principle activity is to provide a range of services for children and adults, with moderate to severe learning disability including Autism Spectrum Conditions and/or significant physical disability, including complex health needs. Consolidated accounts can be obtained from Companies House.

Salary costs are met by Birtenshaw and recharged directly. Other associated costs are met by Birtenshaw and recharged directly.

| | 2022 £ | 2021 £ |
|------------------------|------------------|------------------|
| Revenue funding | | |
| Staff Costs | 2,209,548 | 1,779,690 |
| Legal and professional | - | - |
| Other associated costs | 36,344 | 36,209 |
| | 2,245,892 | 1,812,899 |

The charity enjoys a close working relationship with Tezlom (formally 247 / Professional Health). A Trustee of the Board is a Director and 30% shareholder of Tezlom. The company provides the charity with agency staff to support our activities.

| | 2022 £ | 2021 £ |
|-----------------|---------------|---------------|
| Revenue funding | | |
| Tezlom | 23,548 | 13,251 |
| | 23,548 | 13,251 |

All the above expenditure was included under staffing costs, and has been included in the financial statements under expenditure on charitable activities.

At the 31 March 2022 there was a trade creditor of £3,555 (2021: £7,541).

Notes forming part of the financial statements for the year ended 31 March 2022

All the above expenditure has been included in the financial statements under expenditure on charitable activities.

At the 31 March 2022 there was a creditor balance with Birtenshaw of £1,266 (2021: nil)

13. Corporation 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.

14. Tangible fixed assets

| | Fixtures, Fittings And Equipment | Motor Vehicles | Total |
|---------------------------|-------------------------------------|-------------------|-----------|
| Cost: | £ | £ | £ |
| As at 1 April 2021 | 280,377 | 104,142 | 384,519 |
| Additions | 28,406 | - | 28,406 |
| Disposals | - | - | - |
| As at 31 March 2022 | 308,783 | 104,142 | 412,925 |
| Depreciation: | | | |
| As at 1 April 2021 | (123,988) | (19,635) | (143,623) |
| Charge for the year | (65,569) | (19,095) | (84,664) |
| Depreciation on Disposals | - | - | - |
| As at 31 March 2022 | (189,557) | (38,730) | (228,287) |
| Net book value | | | |
| As at 31 March 2022 | 119,226 | 65,412 | 184,638 |
| As at 31 March 2021 | 156,389 | 84,507 | 240,896 |

Net Book Value of assets held on finance leases included in fixtures, fittings and equipment is £30,962

15. Debtors

| | 2022 £ | 2021 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 107,773 | 13,557 |
| Other debtors | 234 | - |
| Prepayments and accrued income | 129,374 | 124,472 |
| | 237,381 | 138,029 |

Notes forming part of the financial statements for the year ended 31 March 2022

16. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|----------------|----------------|
| Bank loan | 32,238 | 36,488 |
| Other Loans | - | - |
| Trade creditors | 69,918 | 77,591 |
| Other creditors | 1,266 | 22,411 |
| Accruals and deferred income | 661,724 | 730,393 |
| Taxation and social security costs | - | - |
| | 765,146 | 866,883 |

Details of financial instruments are contained in **note 19**.

17. Deferred income

Deferred income comprises college and education income received in advance.

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Balance as at 1 April 2021 | - | - |
| Amount released to income earned from charitable activities | - | - |
| Amount deferred in year | - | - |
| Balance as at 31 March 2022 | - | - |

18. Creditors: amounts falling due after more than one year

| | 2022 £ | 2021 £ |
|--|-----------|---------------|
| Secured bank loan (falling due in less than 5 years) | - | 28,347 |
| | - | 28,347 |

19. Financial instruments

Financial instruments measured at amortised cost comprise the loan financing provided by Big Issue Invest.

Debt analysis

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Loans repayable by instalments: | | |
| Within one year | 32,238 | 36,488 |
| In one year or more but less than two years | - | 28,347 |
| In two years or more and less than five years | - | - |
| Total loans | 32,238 | 64,835 |

Notes forming part of the financial statements for the year ended 31 March 2022

Big Issue Invest Loan is unsecured.

The loan is repayable monthly at a fixed rate of interest of 8% per annum over a period of 5 years.

The loan is due to be repaid in 2023.

At 31 March 2022 (2021: nil) the charity has no undrawn borrowing facilities:

| | 2022 | 2021 |
|---|----------|---------------|
| 20. Commitments under hire purchase agreements | | |
| Not later than one year | - | 22,411 |
| Later than one year and not later than five years | - | - |
| | - | 22,411 |

The obligations under hire purchase agreements are secured on the specific assets to which they relate.

21. Funds

Restricted funds

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

| | Balance at 1 April 2021 £ | Movements in funds | | | Balance at 31 March 2022 £ |
|------------------|------------------------------------|----------------------------|----------------------------|----------------|----------------------------------|
| | | Incoming resources £ | Resources expended £ | Transfers £ | |
| Sunshine Variety | 17,638 | - | (4,409) | - | 13,229 |
| | 17,638 | - | (4,409) | - | 13,229 |

| | Balance at 1 April 2020 £ | Incoming resources £ | Resources expended £ | Transfers £ | Balance at 31 March 2021 £ |
|------------------|------------------------------------|----------------------------|----------------------------|----------------|----------------------------------|
| Sunshine Variety | - | 22,047 | (4,409) | - | 17,638 |
| | - | 22,047 | (4,409) | - | 17,638 |

Sunshine Variety provided a grant for the purchase of a vehicle. The grant was restricted to the purchase of a vehicle which is being depreciated over five years.

Unrestricted Funds

| | Balance at 1 April 2021 £ | Movements in funds | | | Balance at 31 March 2022 £ |
|--------------|------------------------------------|----------------------------|----------------------------|----------------|----------------------------------|
| | | Incoming resources £ | Resources expended £ | Transfers £ | |
| General fund | 1,736,127 | 4,925,934 | (3,243,066) | - | 3,418,995 |
| | 1,736,127 | 4,925,934 | (3,243,066) | - | 3,418,995 |

| | Balance at 1 April 2020 £ | Movements in funds | | | Balance at 31 March 2021 £ |
|--------------|------------------------------------|----------------------------|----------------------------|----------------|----------------------------------|
| | | Incoming resources £ | Resources expended £ | Transfers £ | |
| General fund | (48,641) | 4,650,743 | (2,865,975) | - | 1,736,127 |
| | (48,641) | 4,650,743 | (2,865,975) | - | 1,736,127 |

22. Analysis of assets and liabilities between funds

| | Unrestricted 2022 | Restricted 2022 | Total 2022 |
|-------------------------|----------------------|--------------------|------------------|
| Tangible Fixed Assets | 171,409 | 13,299 | 184,638 |
| Debtors | 237,381 | - | 237,381 |
| Cash | 3,775,351 | - | 3,775,351 |
| Current Liabilities | (765,146) | - | (765,146) |
| Long term Liabilities | - | - | - |
| Total Net Assets | 3,418,995 | 13,299 | 3,432,224 |

| | Unrestricted 2021 | Restricted 2021 | Total 2021 |
|-------------------------|----------------------|--------------------|------------------|
| Tangible Fixed Assets | 223,258 | 17,638 | 240,896 |
| Debtors | 19,914 | - | 19,914 |
| Cash | 2,270,070 | - | 2,270,070 |
| Current Liabilities | (748,768) | - | (748,768) |
| Long term Liabilities | (28,347) | - | (28,347) |
| Total Net Assets | 1,736,127 | 17,638 | 1,753,765 |

23. Commitments under operating leases

At 31 March 2022 the company had annual payment commitments under non-cancellable operating leases as follows:

| | 2022 | | 2021 | |
|----------------------------|--------------------------|----------------|--------------------------|----------------|
| | Land & Buildings £ | Other £ | Land & Buildings £ | Other £ |
| Expiry date: | | | | |
| Within one year | 460,461 | 70,762 | 460,461 | 61,604 |
| Between one and two years | 1,841,844 | 57,807 | 1,841,844 | 117,559 |
| Between two and five years | 6,602,766 | - | 7,063,227 | - |
| | <u>8,905,071</u> | <u>127,807</u> | <u>9,365,532</u> | <u>179,163</u> |

Notes forming part of the financial statements for the year ended 31 March 2022

24. Post-balance sheet events

None

25. Statement of Financial Activities for year ended 31 March 2021

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2021 £ | Total Funds 2020 £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from: | | | | | |
| Donations and grants | 3 | 6,312 | 22,047 | 28,359 | 6,627 |
| Charitable activities | 4 | 4,630,914 | - | 4,630,914 | 2,736,426 |
| Other trading activities | 5 | 13,517 | - | 13,517 | 61,613 |
| Total income | | 4,650,743 | 22,047 | 4,672,790 | 2,804,666 |
| Expenditure on: | | | | | |
| <i>Expenditure on charitable activities:</i> | | | | | |
| Charitable activities | 6 | 2,865,975 | 4,409 | 2,870,384 | 2,334,860 |
| Total expenditure | | 2,865,975 | 4,409 | 2,870,384 | 2,334,860 |
| Net (expenditure) and net movement in funds for the year | | 1,784,768 | 17,638 | 1,802,406 | 469,806 |
| Total Funds brought forward | | (48,641) | - | (48,641) | (518,447) |
| Total funds carried forward | | 1,736,127 | 17,638 | 1,753,765 | (48,641) |