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Mrs H Radford
Royal School for the Deaf Derby
Mrs Helen Radford
Company Secretary
Ashbourne Road
Derby
Derbyshire
DE22 3BH

WT\R\R333\AUDIT.46

30 January 2023

Dear Helen

Royal School for the Deaf Derby
Financial Statements for the Period Ended 31 August 2022

The Financial Statements have been completed following our meeting and include all the final adjustments as we discussed but if there are any further points requiring clarification please do not hesitate to contact me.

The documents required to be formally signed and dated are detailed in the table below and follow on from this letter. By e-signing this combined document through the portal, you are confirming your acceptance, approval and formal sign off for each of the following individual documents without exception:

Document
Accounts for board approval
Management Report of the Auditors Incorporating the Management letter and Letter of Representation
Corporation Tax return CT600

Post Balance Sheet and Post Audit Information

The directors and the auditors are required to consider, and take account of if applicable, all events up to the date of signing of the financial statements and auditors' report respectively that may need reflecting in the financial statements. Accordingly, under ISA 560 Bates Weston Audit Ltd require sight of the latest management accounts and also minutes or correspondence that may be relevant to our audit.

Mrs H Radford
Royal School for the Deaf Derby

30 January 2023

Finally it is now appropriate to bring our charges up to date and accordingly I send our invoices for your kind attention.

We regret that final certified accounts cannot be released or filed at Companies House until Bates Weston Audit Ltd have received all the signed documentation including such post balance sheet information they consider adequate for our audit opinion.

Delay in returning all the documents above may involve extra audit work and consequently further fees.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Wayne Thomas', written over a horizontal line.

**Wayne Thomas
For and on behalf of
Bates Weston LLP**

Encs

Registered number: 03367515
Charity number: 1062507

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

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ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2022**

Trustees	Mr D C du Celliee Muller Mr J H Richardson (resigned 16 September 2021) Mr J A B Ottewell Mr D E Bulger Mr C Crowley Mr M I Tomalin (appointed 1 September 2022)
Company registered number	03367515
Charity registered number	1062507
Registered office	180 Ashbourne Road Derby DE22 3BH
Company secretary	Miss H N Radford
Independent auditors	Bates Weston Audit Ltd Statutory Auditors Chartered Accountants The Mills Canal Street Derby DE1 2RJ
Bankers	HSBC Bank Plc 1 St Peter's Street Derby DE1 2AE

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the audited financial statements for the year 1 September 2021 to 31 August 2022. The Trustees confirm that the Annual Report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

OBJECTIVES AND ACTIVITIES

Policies and objectives

The main objective of the charitable company is to promote the relief of children and young people who are deaf or whose hearing or speech is impaired, by furthering their education.

Strategies for achieving objectives

Accordingly, the charitable company is dedicated to the operation of an effective special school for deaf children and young people.

Activities for achieving objectives

Curriculum design which places the progress and experiences of children at the heart of everyday practice.

A clear vision for children and young people to:

- Have confidence in developing their own deaf identity and their sense of belonging;
- Feel safe, happy and cared for in an environment where all children are listened to, can express their views and are understood whatever their preferred communication;
- Be challenged to achieve their best through excellent teaching, a comprehensive curriculum and a wide variety of experiences from Early Years to 16 Plus;
- Work in an environment that encourages lifelong learning, and equips children and young people with the tools and skills to achieve;
- Be tolerant and inclusive, so all children and young people are able to build effective relationships based on empathy, friendship and respect;
- Have access to excellent communication support.

MAIN ACTIVITIES UNDERTAKEN TO FURTHER THE CHARITY'S PURPOSES FOR THE PUBLIC BENEFIT

The trustees confirm that they have paid due regard to the Charity Commission's guidance on public benefit, including the guidance contained in the document 'Public Benefit: Running a Charity (PB2)'.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

The School continues to work towards its ambition to be the best outstanding provider of education and care to deaf children and young people. Maintaining an outstanding care provision, outstanding financial health rating and achieving an outstanding education provision are the next milestones.

A number of restricted and designated funds continue to make significant contributions to ensure the health, wellbeing and progress of children and young people does not falter. Pupil Premium, Recovery Premium, Covid Catch-up and School Led Tutoring grants benefited children and young people, particularly those at relative disadvantage. Each learner received targeted support including one: one booster sessions delivered by subject specialist Teachers of the Deaf, access to a range of therapies to build emotional resilience, highly specialist

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

speech and language therapy. The quality of the team around children and young people continues to drive educational successes and financial sustainability.

Strategies to improve the quality of provision continue to be research led. Published research from the National Deaf Children's Society consolidates the school's approach to teaching, learning and development, bucking the trend in what is now widely recognised as an unacceptable gap in the achievements of deaf learners compared to their non-deaf peers. Robust stewardship of funds ensure there is always an effective teacher in front of every child and an in-house team of highly specialist experts at hand. Data tells us that all young people leave RSD Derby with the know-how and know-what to enjoy life beyond school. For the fourth year in a row every young person that left took next steps into further education, employment or training.

At the end of this financial year the five year big repair and renew plan is near complete. Roofs fixed and water tight, ICT infrastructure down, interactive smart boards up, Library created, Early Years refurbished, fire system installed and effective. Long term improvements led to fewer ongoing maintenance costs across the campus freeing up valuable resources to proactively explore items on our whole school wish list such as new minibuses, large scale redecoration, refurbishments and removals. Exciting plans to modernise the campus are afoot, read more about them under future activities.

Resource directed to exceeding our commitment to the pledges in the BSL Charter paid off. In collaboration with parents and carers we secured grants to provide Deaf Awareness and British Sign Language to families of deaf children. With the help of our in-house British Sign Language Lead and team we raised the bar on the level of BSL we expect child contact staff to have and initiated Level 6 progression routes. At the time of writing this report over 75% of child contact staff are working at Level 3 and above. In the year staff, children and young people completed 183 formally assessed and accredited exams from Level 1 – 6, 98% achieved leaving the 75% national average pass rate way behind.

Royal School for the Deaf is undoubtedly a school with provenance, rightly proud of its story. This year we welcomed the wider Deaf community back on campus with a series of coffee mornings to celebrate our heritage. Stories unfolded, experiences were shared and what we saw made us humbler, braver, bolder and more ambitious for our futures.

FINANCIAL REVIEW

Trustees continue to celebrate the outstanding financial health of the school endorsed by key funding partners. Reserves targets are met in full. This affords further scope and independence to the governing body, senior leadership team, children and young people and wider stakeholders to have their say about longer term aspirations for the school.

Last year trustees wrote about the RSDD 2016 Property Trust merging into Royal School for the Deaf Derby. All assets have now moved across. Value for money is created by showing what we spend money on is of direct benefit to children and young people. A designated fund is now in place to make clear the intent to use funds above the agreed level of reserves to the maximum advantage of beneficiaries. Namely, to realise the wishes of children and young people for a contemporary, earth-friendly campus to live and learn in.

Financial sustainability and success continue to be driven by robust stewardship of funds, an increasingly qualified, competent and confident staff team, effective structure and governance. A fair fee structure underpinned by a sound matrix of need demonstrates value for money placement plans. Substantial campus improvements continue at no cost to the exchequer. Trust and confidence in the school continues to grow with an increasing number of local authority partners. Prospective pupil visits and placement offers are busy.

Fee income and staff expenditure remain the two key financial indicators across the sector. Keeping each in check is an ongoing challenge we are determined to rise to. A healthy surplus is apparent at the financial year end, a substantial amount due to an unanticipated legacy. Ongoing teacher pay and pension grants offset anticipated payroll and salary costs. That said, trustees are mindful of diminishing grants to employment costs

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

and maintain a keen eye on balancing income and expenditure through timely, accurate, independently scrutinised management reporting.

Once again the budget included a staffing contingency fund to ensure any, if any, unforeseeable costs associated with the pandemic or other emergencies did not detract from resources available to teaching and learning and care. Similarly, a contingency emergency health and safety fund buffered the cost of adaptations to the built environment together with child friendly cleaning products and resources.

As an educational charity the school is unable to reclaim VAT input tax on costs as we are exempt for tax purposes. We pay tax as an employer through the national insurance contributions we make.

GOING CONCERN

After making appropriate enquiries, the trustees reasonably expect the Charity has sufficient resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in Accounting Policies.

PRINCIPAL FUNDING

Pupil fees received from the Education and Skills Funding Agency and Local Authorities represent a part of incoming resources. In the year to 31 August 2022 this amounted to 37% of total incoming resources. The largest proportion of income in the period was a donation from RSDD 2016 Property Trust.

RESERVES AND INVESTMENT POLICIES

The unrestricted funds shown on the balance sheet at the year end represent the free reserves of the charitable company. Trustees are pleased to see continued growth in the free reserves this year. Current reserves enable the School to respond independently to material fluctuations in its operating commitments.

Last year the school achieved its target £0.9 - £1.3m of readily realisable reserves. Total reserves are £8,602,107 of which freehold property is £5,867,015. Of the remaining reserves, £71,027 relates to restricted funds and £2,460,750 has been designated to help realise the aspirations of children and young people for a contemporary, earth-friendly campus to live and learn in.

On 19 October 2021 the RSDD 2016 Property Trust merged with the RSD Derby School Trust adding significant resources. At the time of writing this report all assets are transferred. Synergy between the trusts was obvious from their outset. Both have strong governance, robust stewardship of funds, common purposes. Trustees are looking forward discussing long term aspirations for the future of Royal School for the Deaf Derby with children, young people, their families, staff and other stakeholders.

Trustees wish to take this opportunity to thank their fellow trustees of the RSDD 2016 Property Trust namely, Mr James Haddon Richardson and Mr Antony Robert Eley for their unwavering support and commitment to the school.

Trustees follow a policy of maintaining the investment of the charity in readily realisable, low risk cash products and investments are held in accordance with the trustees' powers. Investment & reserves policies are reviewed annually in conjunction with the appointed investment managers.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charitable company is a company limited by guarantee, governed by its Memorandum and Articles of

ROYAL SCHOOL FOR THE DEAF DERBY
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Association and a Board of Governors. The Governors operate subject to a Scheme of Delegation approved by Trustees.

The charitable company operates Royal School for the Deaf Derby, a non maintained special school approved for the education of deaf pupils aged 3 to 19.

Method of appointment or election of Trustees

The trustees of the charitable company constitute directors for Companies Act purposes. One third of trustees retire by rotation annually and may also be reappointed. The charitable company may otherwise by ordinary resolution appoint a trustee to either fill a casual vacancy or as an additional trustee. Appointment of additional trustees is subject to the unanimous approval of existing trustees who may seek out or advertise for additions to their number in order to enhance the skills and diversity of their Board.

The board of governors takes a strategic view of the school's policies and objectives. Progress and achievement in key functional and operational areas are subject to more detailed monitoring and evaluation by governors' committees that meet at least once per academic term. Discrete committees meet in addition to full board meetings and have responsibilities under the following headings: Resources (including Finance, Human Resources, Premises and Health & Safety) Pupil Wellbeing & Attainment

In addition to governor representation at these meetings, the chair of the governing body is invited to attend all trustee meetings. As well as general responsibilities, each governor is expected to have or adopt an area of special interest relevant to the school's operation and new governor recruitment is focused on the specialisms needed. The complement of the governing body is subject to annual ratification by trustees. The governors may co opt additional members to enhance any of the committee's capabilities. New governors benefit from an induction process, are encouraged to access training and support through the Derby City governor programme and development sessions provided by the School's Improvement Officer tailored to the Governing Body's strategic plans and the regulatory framework.

Organisational structure and decision making

Responsibility for the day to day organisation, management and control of the school lies with its executive, the senior leadership team (SLT) led by the Headteacher and made up of a Deputy Headteacher Achievement, Deputy Head Care & Guidance and an Assistant Headteacher Early Years Foundation Stage/Primary. Staffing budgets are devolved to members of the SLT as set out in their role specifications. The Headteacher is a member of the SLT and has overall responsibility for managing the team and the running of the school. The performance management of the Headteacher is conducted by a specialist consultant together with the chair of the governing body. The performance management of other members of the leadership team is the responsibility of the Headteacher. Pay for members of the senior leadership team has been set on the advice of an external consultant, having reference to the School Teachers' Pay and Conditions Document England & Wales. The pay of teaching staff is set by reference to the same Document and the pay of non teaching staff ordinarily but without precedent determined by reference to the Pay Scales and Allowances of the National Joint Council for Local Government Services together with accepted practice in the sector. In all cases pay is tied to performance through performance management activities.

RISK MANAGEMENT

Governors and Trustees review the risks facing the school by taking on the role of critical friends, monitoring the quality of teaching and learning, school self-assessment and development plans, pupil attainment and wellbeing, safeguarding, income and expenditure, movements in restricted funds, cash flow forecasts, key financial indicators, annual budgets. An at a glance overview is provided to trustees via a balanced scorecard. It gives a comprehensive overview of performance across all key functions identified in the Scheme of Delegation to determine levels of autonomy in decision making structures. Individual governors are assigned to scrutinise and report on particular operational risk areas through the Committees listed above. At present Trustees delegate the

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

maximum level of autonomy provided for in the Scheme of Delegation adopting an “eyes on - hands off” approach.

Health and Safety issues are a permanent feature of the Resources Committee Agenda. The declaration of any conflicts of interest is required before the start of all Trustee, Governor and Committee meetings.

Alleged or suspected material safeguarding issues are a rolling agenda item at all trustee and governing body meetings and initially reviewed in detail by the Pupil Wellbeing and Attainment Committee. There is a safeguarding team comprised of qualified and competent members of school staff led by the Deputy Head Care & Guidance who is the Designated Safeguarding Lead line managed by the Headteacher. Safeguarding policy and practice is scrutinised by a dedicated safeguarding governor. Governors ensure that one of their number always acts as Safeguarding Governor and receives appropriate training.

Long term financial health is intimately tied to the maintenance and development of pupil numbers at suitable fee levels. The Headteacher and Finance Committee are required to pay particular attention to this need.

The school is a member of the National Association of Special Schools, a body representing the interests of non maintained special schools. It also works closely with Derby City Council in addressing issues of mutual interest in the arena of the provision and development of special education for deaf learners.

PLANS FOR FUTURE PERIODS

Future developments

Projects to enhance the experiences of children and young people and add value for money to placement fees continue. The campus is refreshed and ready for the future. Trustee focus now turns to bigger and bolder projects. Following the merge of the RSDD 2016 Property Trust funds above the agreed level of reserves agreed are earmarked for new capital building projects to replace outdated inefficient premises and bring the campus up-to-date. Architects are briefed, contractors invited to tender. The wishes of children and young people for a contemporary and earth friendly campus to live and learn in take shape.

Trustees welcome the focus of His Majesty's Government recently published SEND Review: Right support, Right time, Right place. With an expert, in-house multi-disciplinary team of specialists including over 14 Primary, Post 16 and Secondary subject specialist teachers of the deaf directly delivering the national curriculum, rejuvenated campus facilities including Early Years and a day and residential provision for learners aged 3 – 19, RSD Derby has the right support, in the right place at the right time for deaf children and young people at any key stage in their life. Holding the public purse must be a difficult task at the moment - RSD Derby is poised to help. Messy play for parents and their pre-school age children grows in popularity placing the school in a unique position to properly explore extending effective early years support to a greater number of children and to offer them the very best start to life.

A review of our curriculum is underway to further embed the experiences of children and young people into the heart of everyday practice. A key aim is to audit intent, impact and implementation. We're determined to find out the answer to some challenging questions such as, can we plan our curriculum better so learners build knowledge of key concepts and the relationships between them over many years? How do we map the content, delivery and assessment of curricula across the school to ensure learners can build on subject knowledge across key stages? In summary, what is the best way to grow the knowledge learners should leave with from the day they start?

Despite a global pandemic, witnessing political instability, soaring inflation, energy and living costs, the school remains on a firm financial footing. Employment is secure, continuing professional development activities continue at pace. After spells of working and learning remotely and an increasing number of digital natives on roll we're keen to make the most of digital media and start with a whole school consultation on how to do it this year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

The year ahead sees the appointment of a new Headteacher, Mr Paul Burrows. It is also the last year of the school's three year development plan. Over the year ahead we will not only be reflecting on many successes but looking forward to shaping new strategies to achieve our aspiration to be the best outstanding provider of education and care to deaf children and young people.

Trustees' responsibilities statement

The Trustees who are also directors of Royal School for the Deaf Derby for the purposes of a company limited by guarantee (not share capital and gain no personal benefit or remuneration for their work) 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Approved by order of the members of the board of Trustees and signed on their behalf by:


.....
Mr J A B Ottewell

Date:

23/02/2023

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL SCHOOL FOR THE DEAF DERBY

Opinion

We have audited the financial statements of Royal School for the Deaf Derby (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 the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

ROYAL SCHOOL FOR THE DEAF DERBY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL SCHOOL FOR THE DEAF DERBY
(CONTINUED)

We have nothing to report in this regard.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 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:

- 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 Trustees' Responsibilities Statement, 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.

Auditors' 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 Auditors' 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 extent to which our procedures are capable of detecting irregularities, including fraud is

ROYAL SCHOOL FOR THE DEAF DERBY
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL SCHOOL FOR THE DEAF DERBY
(CONTINUED)

detailed below:

Based on our understanding of the charity and sector in which it operates, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. Audit procedures performed by the engagement team included:

- Enquiry of management around actual and potential litigation and claims;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Wayne Thomas ACA (Senior Statutory Auditor)

for and on behalf of
Bates Weston Audit Ltd
Statutory Auditors
Chartered Accountants
The Mills
Canal Street
Derby
DE1 2RJ

Date:

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	2	6,742,728	-	6,742,728	16,370
Charitable activities	3	4,470,277	263,579	4,733,856	4,936,597
Other income		20,269	-	20,269	5,275
Total income		11,233,274	263,579	11,496,853	4,958,242
Expenditure on:					
Charitable activities	4	4,393,097	261,024	4,654,121	4,477,923
Total expenditure		4,393,097	261,024	4,654,121	4,477,923
Net income before net losses on investments		6,840,177	2,555	6,842,732	480,319
Net losses on investments		(153,076)	-	(153,076)	-
Net income		6,687,101	2,555	6,689,656	480,319
Transfers between funds	13	323,007	(323,007)	-	-
Net movement in funds		7,010,108	(320,452)	6,689,656	480,319
Reconciliation of funds:					
Total funds brought forward		1,520,972	391,479	1,912,451	1,432,132
Net movement in funds		7,010,108	(320,452)	6,689,656	480,319
Total funds carried forward		8,531,080	71,027	8,602,107	1,912,451

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 30 form part of these financial statements.

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 03367515

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	8	5,911,391	564,987
Investments	9	2,460,750	1,254,712
		<u>8,372,141</u>	<u>1,819,699</u>
Current assets			
Debtors	10	124,573	155,401
Investments	11	51,224	51,210
Cash at bank and in hand		589,677	265,717
		<u>765,474</u>	<u>472,328</u>
Creditors: amounts falling due within one year	12	(535,508)	(379,576)
Net current assets		<u>229,966</u>	<u>92,752</u>
Total net assets		<u><u>8,602,107</u></u>	<u><u>1,912,451</u></u>
Charity funds			
Restricted funds	13	71,027	391,479
Unrestricted funds	13	8,531,080	1,520,972
Total funds		<u><u>8,602,107</u></u>	<u><u>1,912,451</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Mr J A B Ottewell

Date: 23rd Feb: 2023

The notes on pages 14 to 30 form part of these financial statements.

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	16	344,457	497,716
Cash flows from investing activities			
Dividends, interests and rents from investments		13,655	-
Purchase of tangible fixed assets		-	(23,994)
Sale of tangible fixed assets		520	-
Purchase of investments		(1,071,734)	-
Proceeds from the disposal of investments		16,413	-
Classification transfer of brought forward cash investments		(1,254,712)	-
Net investments acquired from connected company		1,020,663	-
Net cash used in investing activities		(1,275,195)	(23,994)
Change in cash and cash equivalents in the year		(930,738)	473,722
Cash and cash equivalents at the beginning of the year		1,571,639	1,097,917
Cash and cash equivalents at the end of the year	17	640,901	1,571,639

The notes on pages 14 to 30 form part of these financial statements

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies

1.1 Basis of preparation of financial statements

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

Royal School for the Deaf Derby 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.

1.2 Company status

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

1.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Pupil fee income represents fees invoiced to Local Authorities for educational purposes supplied during the year and recognised in the period to which it relates, together with "core" pupil funding from the Educational and Skills Funding Agency, recognised when it is received.

The charitable company also receives grants for educational purposes resulting from initiatives by the Department for Education and Skills.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the school. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.4 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 on charitable activities includes the cost of education activities undertaken to further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

1.5 Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Leasehold property includes the cost of any building improvements to leased land.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- 50 years
Leasehold property	- 50 years
Motor vehicles	- 4 years
Fixtures and fittings	- 5 years

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

1.8 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 Pensions

The School participates in a multi employer defined benefits pension scheme, "The Teachers' Pension Scheme (England and Wales)", for its teachers. As a result it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School. In accordance with Financial Reporting Standard 102 therefore, the Scheme is accounted for as a defined contribution scheme. The Scheme is managed by the Department of Education.

The charity operates a defined contributions arrangement for its non-teaching staff in terms of group personal pension plans.

Contributions to both schemes are charged in the Statement of financial activities (incorporating income and expenditure account) as they become payable in accordance with the rules of the Scheme.

1.10 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Income from donations and legacies

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	231,260	231,260	16,370
Donation from RSDD 2016 Property Trust	6,511,468	6,511,468	-
	<u>6,511,468</u>	<u>6,511,468</u>	<u>-</u>

On 19 October 2021, the formal transfer as a going concern of the RSDD 2016 Property Trust into Royal School for the Deaf Derby was concluded. The criteria for merger accounting was not met and the net assets were transferred at their market value.

Market value of net assets transferred comprised the following:

	Unrestricted funds 2022 £	Total funds 2022 £
Freehold property	5,490,805	5,490,805
Investments	1,058,433	1,058,433
Amounts owed by connected charity	(37,770)	(37,770)
	<u>6,511,468</u>	<u>6,511,468</u>

3. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Pupil fee income	3,178,625	-	3,178,625	3,169,696
Grants	108,593	263,579	372,172	65,687
Government grants	1,183,059	-	1,183,059	1,701,214
Total 2022	<u>4,470,277</u>	<u>263,579</u>	<u>4,733,856</u>	<u>4,936,597</u>
<i>Total 2021</i>	<u>4,608,617</u>	<u>327,980</u>	<u>4,936,597</u>	

Government grants received support the provision of education to pupils.

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
Staffing costs	3,124,673	40,849	3,165,522	3,093,530
Education and pupil support costs	374,210	-	374,210	372,166
Campus and property costs	601,437	220,175	821,612	770,636
Administration costs	235,977	-	235,977	189,799
Governance costs	56,800	-	56,800	51,792
	<u>4,393,097</u>	<u>261,024</u>	<u>4,654,121</u>	<u>4,477,923</u>
<i>Total 2021</i>	<u>4,162,959</u>	<u>314,964</u>	<u>4,477,923</u>	

Summary by expenditure type

	Staff costs 2022 £	Depreciation 2022 £	Other costs 2022 £	Total 2022 £	Total 2021 £
Staffing costs	3,065,689	-	99,833	3,165,522	3,093,530
Education and pupil support costs	-	-	374,210	374,210	372,166
Campus and property costs	-	140,671	680,941	821,612	770,636
Administration costs	-	-	235,977	235,977	189,799
Governance costs	-	-	56,800	56,800	51,792
	<u>3,065,689</u>	<u>140,671</u>	<u>1,447,761</u>	<u>4,654,121</u>	<u>4,477,923</u>
<i>Total 2021</i>	<u>2,990,516</u>	<u>27,197</u>	<u>1,460,210</u>	<u>4,477,923</u>	

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Auditors' remuneration

	2022 £	2021 £
Auditors' remuneration	9,100	8,700
Fees payable to the Charity's auditor in respect of: Non-audit services	<u>6,900</u>	<u>6,600</u>

6. Staff costs

	2022 £	2021 £
Wages and salaries	2,568,402	2,499,772
Social security costs	223,839	213,544
Other pension costs	273,448	277,200
	<u>3,065,689</u>	<u>2,990,516</u>

The average number of persons employed by the Charity during the year was as follows:

	2022	2021
Academic	26	26
Residential care	12	11
Learning support	45	46
Corporate & technical services	29	29
	<u>112</u>	<u>112</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022 No.	2021 No.
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	-

Key management personnel during the year comprised the Senior Leadership Team who received total remuneration and benefits of £218,377 (2021 - £221,557).

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

7. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 August 2022, expenses totalling £54 for mileage were reimbursed or paid directly to 1 Trustee (2021 - £NIL to Trustee).

8. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 September 2021	-	609,195	79,149	1,562,873	2,251,217
Additions	5,490,805	-	-	-	5,490,805
Disposals	-	-	(20,884)	-	(20,884)
Transfers between classes	609,195	(609,195)	-	-	-
At 31 August 2022	6,100,000	-	58,265	1,562,873	7,721,138
Depreciation					
At 1 September 2021	-	110,985	79,149	1,496,096	1,686,230
Charge for the year	109,816	12,184	-	22,401	144,401
On disposals	-	-	(20,884)	-	(20,884)
Transfers between classes	123,169	(123,169)	-	-	-
At 31 August 2022	232,985	-	58,265	1,518,497	1,809,747
Net book value					
At 31 August 2022	5,867,015	-	-	44,376	5,911,391
At 31 August 2021	-	498,210	-	66,777	564,987

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

9. Fixed asset investments

	Listed investments £
Valuation	
At 1 September 2021	1,254,712
Additions	1,071,734
Disposals	(16,413)
Revaluations	150,717
At 31 August 2022	<u>2,460,750</u>

10. Debtors

	2022 £	2021 £
Trade debtors	43,094	31,575
Due from connected charity	-	33,670
Prepayments and accrued income	81,479	90,156
	<u>124,573</u>	<u>155,401</u>

11. Current asset investments

	2022 £	2021 £
Cash on deposit	<u>51,224</u>	<u>51,210</u>

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	295,187	45,644
Other taxation and social security	67,842	48,266
Other creditors	13,340	20,548
Accruals and deferred income	159,139	265,118
	<u>535,508</u>	<u>379,576</u>
	2022 £	2021 £
Deferred income at 1 September 2021	184,216	161,709
Resources deferred during the year	117,051	184,216
Amounts released from previous periods	(184,216)	(161,709)
Deferred income as at 31 August 2022	<u>117,051</u>	<u>184,216</u>

Deferred income includes fees charged for pupils of £23,505, ESFA grant funding totaling £90,945 and other income of £2,601.

13. Statement of funds

Statement of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
Designated funds						
Children's Fund	4,389	-	(82)	-	-	4,307
Fundraising	-	6,845	(1,845)	-	-	5,000
Tuck Shop	426	1,158	(927)	-	-	657
Campus enhancement	-	-	-	2,613,826	(153,076)	2,460,750
	<u>4,815</u>	<u>8,003</u>	<u>(2,854)</u>	<u>2,613,826</u>	<u>(153,076)</u>	<u>2,470,714</u>

ROYAL SCHOOL FOR THE DEAF DERBY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

13. Statement of funds (continued)

General funds

General funds	1,516,157	11,225,271	(4,390,243)	(2,290,819)	-	6,060,366
Total Unrestricted funds	1,520,972	11,233,274	(4,393,097)	323,007	(153,076)	8,531,080

Restricted funds

Leasehold Building Funds	329,844	-	(8,454)	(321,390)	-	-
Greggs	817	400	(525)	-	-	692
Devolved Capital Grant	8,933	9,518	(13,761)	-	-	4,690
NMSS Maintenance Grant	-	122,370	(122,370)	-	-	-
Pupil Premium Receipts	1,000	74,225	(75,225)	-	-	-
Sports Premium Grant	1,105	16,250	(17,355)	-	-	-
Roe Memorial	34,687	-	-	-	-	34,687
European Visits Fund	7,873	6,142	(74)	-	-	13,941
Moscow Bilingual	1,650	-	-	-	-	1,650
Sponsorship 5 aside	5,430	-	-	-	-	5,430
Tutoring Grant	-	17,449	(17,449)	-	-	-
Free School Meals	-	1,617	-	(1,617)	-	-
Deaf Heritage	-	9,825	(1,620)	-	-	8,205
Bursary 20/21	-	3,418	(3,107)	-	-	311
Foundation Derbyshire	-	1,618	(197)	-	-	1,421
Duke of Edinburgh	140	747	(887)	-	-	-
	391,479	263,579	(261,024)	(323,007)	-	71,027
Total of funds	1,912,451	11,496,853	(4,654,121)	-	(153,076)	8,602,107

ROYAL SCHOOL FOR THE DEAF DERBY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

13. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2021 £</i>
Unrestricted funds					
Designated funds					
Children's Fund	5,016	-	(627)	-	4,389
Fundraising	2,375	10,350	(11,075)	(1,650)	-
Tuck Shop	326	784	(684)	-	426
	<u>7,717</u>	<u>11,134</u>	<u>(12,386)</u>	<u>(1,650)</u>	<u>4,815</u>
General funds					
General funds	<u>1,029,641</u>	<u>4,619,128</u>	<u>(4,150,573)</u>	<u>17,961</u>	<u>1,516,157</u>
Total Unrestricted funds	<u>1,037,358</u>	<u>4,630,262</u>	<u>(4,162,959)</u>	<u>16,311</u>	<u>1,520,972</u>
Restricted funds					
Leasehold Building Funds	338,298	-	(8,454)	-	329,844
Greggs	1,250	1,000	(1,433)	-	817
Devolved Capital Grant	22,332	21,527	(34,926)	-	8,933
NMSS Maintenance Grant	-	127,405	(127,405)	-	-
Pupil Premium Receipts	12,760	60,405	(72,165)	-	1,000
Sports Premium Grant	6,864	16,300	(5,859)	(16,200)	1,105
Greggs Hamper Fund	-	3,000	(3,000)	-	-
Roe Memorial	-	34,687	-	-	34,687
European Visits Fund	6,716	1,250	(93)	-	7,873
Careers Local	-	4,500	(4,500)	-	-
Covid Catch Up Funding	-	27,600	(27,600)	-	-
Moscow Bilingual	-	-	-	1,650	1,650
Sponsorship 5 aside	5,430	-	-	-	5,430
Free School Meals	-	1,761	-	(1,761)	-
Bursary 20/21	-	2,795	(2,795)	-	-
Foundation Derbyshire	1,124	-	(1,124)	-	-
Duke of Edinburgh	-	750	(610)	-	140

ROYAL SCHOOL FOR THE DEAF DERBY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

13. Statement of funds (continued)

Statement of funds - prior year (continued)

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2021 £</i>
RSDD 2016 Property Trust	-	25,000	(25,000)	-	-
	<u>394,774</u>	<u>327,980</u>	<u>(314,964)</u>	<u>(16,311)</u>	<u>391,479</u>
Total of funds	<u>1,432,132</u>	<u>4,958,242</u>	<u>(4,477,923)</u>	<u>-</u>	<u>1,912,451</u>

The designated Children's Fund arises from individual unrestricted donations received by the charitable company that are used in the support of pupils in situations of hardship and for the provision of items for residential pupils not normally funded through local authority fees.

The designated Campus enhancement fund represents amounts held as long term investments that will be utilised towards improvements of the school site.

The Leasehold buildings fund represents the grant funding received towards the cost of two campus buildings (the Beddoes Science Lab and the Karten Building) less apportioned accumulated depreciation to date. During the year ended 31 August 2016 the cost of the Karten Building was transferred to the charitable company from Derby College for the Deaf People together with the remaining balance of associated restricted funding and liabilities. The balance was transferred to unrestricted funds on the transfer of the freehold from RSDD 2016 Property Trust.

The closing balance on the DfE Devolved Capital Grant represents the cost of qualifying additions to buildings and equipment less depreciation charges to date.

The NMSS Maintenance Grant is received from the DfE as a contribution towards the upkeep of the premises on non-maintained special schools.

Pupil Premium funding is received from local authorities to be applied towards the educational benefit of named disadvantaged learners.

The Sport Premium Fund is the unexpired portion of an ESFA Grant received for the benefit of sporting activities in the school's Primary Department.

The balance of the European Educational Visits Fund is the unused portion of British Council funding for European pupil exchange visits, carried forward to future.

The Free School Meals Grant has been used to mitigate the cost of providing food for appropriately aged pupils in the school's Primary Department.

The Bursary Fund is received from the ESFA to assist needy Post 16 learners with their course expenses and is distributed at the school's discretion.

ROYAL SCHOOL FOR THE DEAF DERBY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

The Roe Memorial Fund supports the welfare, social and recreational needs of adult deaf people.

The Moscow Bilingual fund supports families of deaf children to develop sign language skills.

The Sponsorship five-a-side Fund is the provision of five-a-side facilities and tutoring for the community.

The Foundation Derbyshire Fund is the provision of school wide mental health initiatives and workshops.

The Duke of Edinburgh's Award Sylvia Waddilove Foundation Fund is to support children and young people in gaining their Duke of Edinburgh's medals through the provision of outdoor equipment and expedition costs.

14. Summary of funds

Summary of funds - current year

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Designated funds	4,815	8,003	(2,854)	2,613,826	(153,076)	2,470,714
General funds	1,516,157	11,225,271	(4,390,243)	(2,290,819)	-	6,060,366
Restricted funds	391,479	263,579	(261,024)	(323,007)	-	71,027
	<u>1,912,451</u>	<u>11,496,853</u>	<u>(4,654,121)</u>	<u>-</u>	<u>(153,076)</u>	<u>8,602,107</u>

Summary of funds - prior year

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2021 £
Designated funds	7,717	11,134	(12,386)	(1,650)	4,815
General funds	1,029,641	4,619,128	(4,150,573)	17,961	1,516,157
Restricted funds	394,774	327,980	(314,964)	(16,311)	391,479
	<u>1,432,132</u>	<u>4,958,242</u>	<u>(4,477,923)</u>	<u>-</u>	<u>1,912,451</u>

ROYAL SCHOOL FOR THE DEAF DERBY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

15. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	5,911,391	-	5,911,391
Fixed asset investments	2,460,750	-	2,460,750
Current assets	694,447	71,027	765,474
Creditors due within one year	(535,508)	-	(535,508)
Total	8,531,080	71,027	8,602,107

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	226,210	338,777	564,987
Fixed asset investments	1,254,712	-	1,254,712
Current assets	404,714	67,614	472,328
Creditors due within one year	(364,664)	(14,912)	(379,576)
Total	1,520,972	391,479	1,912,451

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

16. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income for the year (as per Statement of Financial Activities)	6,689,656	480,319
Adjustments for:		
Depreciation charges	144,401	30,928
Gains on investments	(150,717)	-
Dividends, interests and rents from investments	(13,655)	-
Profit on the sale of fixed assets	(520)	-
Movement in debtors	30,828	164,570
Movement in creditors	155,932	(153,101)
Donation of connected charity net assets	(6,511,468)	-
Net cash provided by operating activities	344,457	522,716

17. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	589,677	265,717
Notice deposits (less than 3 months)	51,224	1,305,922
Total cash and cash equivalents	640,901	1,571,639

18. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	265,717	323,960	589,677
Cash equivalents	51,210	14	51,224
	316,927	323,974	640,901

ROYAL SCHOOL FOR THE DEAF DERBY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19. Pension commitments

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The pension charge for the year includes contributions payable to the TPS of £217,927 (2021 - £221,910). At the year-end £12,980 (2021 - £20,206) was accrued in respect of contributions to this scheme. The Charity also runs a scheme for its non-teaching staff under which defined contributions are paid into a group personal pension arrangement. The cost for the year represents the School's contributions to that Scheme of £55,521 (2021 - £55,290).

VALUATION OF THE TEACHERS' PENSION SCHEME

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) Directions 2014 published by HM Treasury. 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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. 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;
- the CAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% 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 determined an employer rate of 23.68%, which was payable from 1 September 2019. The next valuation result is due to be implemented from 1 April 2024.

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

ROYAL SCHOOL FOR THE DEAF DERBY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Related party transactions

Mr D C du Celliee Muller and Mr J H Richardson were trustees of RSDD 2016 Property Trust. Its closure and the resultant transfer of net assets are described in note 2.

21. Controlling party

The Trustees consider there to be no ultimate controlling party.



Royal School for the Deaf Derby
Management Report of the Auditors
to the Board of Trustees
for the Year Ended 31 August 2022

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INTRODUCTION

This report is part of the continuing relationship between the Charity and ourselves and is therefore not intended to cover every matter discussed during the course of the audit. For this reason, the report is intended for the sole use of the Charity. We do not accept responsibility to any officer acting in an individual capacity, and do not accept responsibility for any reliance that third parties may place on the report.

It should be noted that the primary objective of our audit is to express an opinion on the truth and fairness of the Charity's financial statements as a whole. An audit does not examine every operating activity and accounting procedure in the Charity, nor does it provide a substitute for management's responsibility to maintain adequate controls over the Charity's activities. Our work is not designed therefore to provide a comprehensive statement of all weaknesses or inefficiencies that may exist in the Charity's systems and working practices, or of all improvements that could be made.

Included in this report is a schedule of all adjusted and unadjusted misstatements noted during our work for your final approval.

We have also included a letter of management representations required in connection with our audit.

Please read this document carefully and confirm your approval by signing at page 15.

1 REPORT TO THE MANAGEMENT

1.1 PURPOSE

The purpose of this Management Report is to provide the Trustees with constructive observations arising from the audit process. We have already communicated to you the notes of our discussions on the audit arrangements including, where different, communications to those persons charged with governance. We set out below details of any expected modifications to our audit report, details of any unadjusted misstatements in the financial statements (except any misstatements which are trivial), any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, and any other relevant and significant matters we are required to communicate.

Our procedures are carried out solely for the purpose of our audit of the financial statements. Our audit does not necessarily disclose every weakness or accounting practice and for this reason the matters referred to below may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- the auditor is responsible for 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 of the financial statements does not relieve management or those charged with governance of their responsibilities;
- this report has been prepared for the sole use of the addressee;
- this report must not be disclosed to a third party without our written consent; and
- no responsibility is assumed by us to any other person who may choose to rely on this report for his or her own purposes.

1.2 ETHICAL SAFEGUARDS

As previously explained to you, ISAs require certain safeguards to be taken by our firm as set by the Auditing Practices Board. These are to ensure independence and objectivity insofar as the audit work to be carried out.

We are required to advise you of these safeguards which we consider to be sufficient to allow us to continue the appointment as auditor for the year and to sign-off this year's audit report.

Bates Weston LLP carry out non-audit services as set out in the respective signed engagement terms.

We have identified potential threats of providing non-audit services to our independence and objectivity as auditor. However, we are satisfied that adequate safeguards have been adopted to reduce these threats to an acceptable level.

We consider that your Charity has informed management who are capable of making independent management decisions and judgements based on information provided.

The non-audit services Bates Weston LLP provide as Accountants as part of the audit process are of a technical, mechanical or informative nature only. We will not in our capacity of Auditors, Accountants or Tax Advisors take any management decisions on your behalf nor will we initiate transactions, determine or change journal entries or classifications in the financial statements without your approval as management.

All adjustments made will be discussed with you and confirmed on schedules provided. Any opening balance adjustments provided by us must be checked by you to ensure that the nominal code suggested is in accordance with your coding structure and authorised.

The safeguard we consider sufficient is that the audit is carried out, supervised and controlled by staff who are not involved in this other work.

As a small company you are entitled to take advantage of the exemption from the application of this safeguard within the ethics guidelines PAASE. If this exemption is used the same staff may be involved in both audit and accounts work. Unless you indicate otherwise we assume you wish to take advantage for as long as it applies.

If you wish to discuss these issues further please do not hesitate to contact Mr I Neal, Senior Partner.

1.3 CONFIRMATION OF OUR AUDIT INDEPENDENCE

We confirm that as of the date of this report, in our professional judgement, Bates Weston Audit Limited and Bates Weston LLP are independent within the meaning of the regulatory and professional requirements and the objectivity of the Senior Statutory Auditor and other audit staff is not impaired.

1.4 EXPECTED MODIFICATIONS TO OUR REPORT

We do not expect to make any modifications to our audit report.

For your information, a draft of our proposed audit report is included within the full financial statements that are enclosed for the board's approval. However, our responsibilities with regard to the audit report extend up to the date on which it is physically signed and we will advise you of any changes to this position if necessary.

The report included within the financial statements is thus to be regarded as draft until it has been physically signed by the nominated Senior Statutory Auditor, our certified full report given to you and we have advised you of this. Unless we are advised to the contrary by you, we will retain the actual signed copy of the accounts by both the Trustees and Senior Statutory Auditor, on the Charity's behalf for safekeeping in electronic form.

1.5 UNADJUSTED MISSTATEMENTS DETECTED BY US

We have discussed with you the misstatements we identified in the financial statements but which you have declined to adjust. Section 2.2 at page 8 contains our audit schedule "N3.2 Proposed Audit Adjustments" that we have discussed with you.

The reason you gave us for not making the adjustment is on the grounds of immateriality individually and in aggregate and its effect on the financial statements.

The schedule does not include matters we believe to be trivial. We ask you sign page 15 as confirmation that the misstatements are to remain unadjusted.

1.6 ADJUSTMENTS ARISING FROM THE AUDIT

As we have pointed out we, as auditors, cannot initiate any transactions and all proposed journals and other adjustments whether they affect the profit and loss account or not must be approved by the Trustees.

We have discussed with you all these adjustments arising from the audit, whether they derived from our audit or accounts work or you requested specific adjustments be made. These are detailed in Section 2.1 at page 5 with our audit schedule "N3.1 Actual Audit Adjustments", which gives a full audit trail between your trial balance and the final accounts

1.7 POST BALANCE SHEET AND POST AUDIT INFORMATION

The Trustees and the auditors are required to consider and take account of events up to the date of their signing of the financial statements and auditors' report respectively that may need reflecting in the financial statements. Accordingly, under ISA 560 we require sight of the information requested on page 15 of this report.

We regret that final certified accounts cannot be released or filed at Companies House until we have received all the signed documentation including such post balance sheet information that we consider adequate for our audit opinion.

1.8 AUDIT APPROACH

Our general audit approach was determined by our assessment of the audit risk, both in terms of the potential misstatement in the financial statements and of the control environment in which the company operates.

To summarise our approach, we:

- updated our understanding of the business and its environment;
- reviewed the design and implementation of key internal financial control systems; and
- planned and performed an audit with professional scepticism recognising that circumstances may exist that cause the financial statements to be materially misstated.

Significant risks arise on most audits and are often derived from business risks that may result in a material misstatement, relate to unusual transactions that occur infrequently, or judgemental matters where measurement is uncertain. In areas where we identified the potential for significant risk, we extended our audit testing to include more detailed substantive work. Our work in other areas was proportionally less. The risks identified are set out at page 9.

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements. In general, misstatements, including omissions, are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Royal School for the Deaf Derby
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Judgments about materiality are made in the light of surrounding circumstances, and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. The materiality levels for our audit work we set at the planning stage were not modified.

1.9 QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES AND FINANCIAL REPORTING

During the course of our audit, we consider the qualitative aspects of the financial reporting process on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We are required to communicate these to you and, where different, those charged with governance including, in particular, items that have a significant impact and which have thus been highlighted as such.

The following are the significant and other main matters and observations we wish to draw your attention to, which were discussed and addressed during the audit:

- the appropriateness of accounting estimates and judgements in relation to repairs and renewals expensed rather than capitalised and the transfer of investments and property including the consistency and validity of assumptions, bias and degree of prudence reflected in the accounting records;
- the recognition of and associated disclosures for designated funds; and
- the transfer in value of net assets gifted from RSS 2016 Property Trust.

1.10 ACCOUNTING SYSTEM AND INTERNAL CONTROLS

During the course of our audit of the financial statements for the year, we examined the principal internal controls which the Trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the Charity's accounting records and to safeguard the Charity's assets.

Page 10 provides details of any observations and recommendations we have made, together with your responses to these issues as appropriate.

However, our review was limited and we cannot guarantee that all such weaknesses have been identified and brought to your attention that a specific investigation may uncover.

Finally, we take this opportunity of thanking your staff for the assistance offered to us during the course of our work. Their assistance and co-operation was much appreciated.

A handwritten signature in dark ink, appearing to be 'Wayne Thomas'.

Bates Weston Audit Limited

31 January 2023

Contact details:

Wayne Thomas ACA
Senior Statutory Auditor

01332 365855
waynet@batesweston.co.uk

Bates Weston Audit Limited is registered to carry out audit work in the UK by the Institute of Chartered Accountants in England and Wales (ICAEW) COO1364819

2 ADJUSTED AND UNADJUSTED MISSTATEMENTS

2.1 ACTUAL AUDIT ADJUSTMENTS

The following adjustments were processed on your instructions during the course of our audit:

Number	Date	Name	Account N	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
Net Income (Loss) Before Adjustments							1,307,708.00			
1	31/08/2022	RESTRICTED FUNDS	3100	NI-3ACC	940.00					
1	31/08/2022	Restricted transfer out	3110	NI-3ACC	1,617.00					
1	31/08/2022	Restricted transfer in	3111	NI-3ACC						
1	31/08/2022	General transfer in	3220	NI-3ACC		-1,617.00				
1	31/08/2022	Restricted grants	4150	NI-3ACC		-263,579.00				
1	31/08/2022	Salaries & Payroll expenses - restricted	5010	NI-3ACC	40,849.00					
1	31/08/2022	Food	5600	NI-3ACC	1,617.00					
1	31/08/2022	Building depreciation - restricted	6030	NI-3ACC	12,695.00					
1	31/08/2022	Building repairs - restricted	6060	NI-3ACC	207,480.00					
1	31/08/2022	Suspense	BV00	NI-3ACC		-2.00				
Bring in restricted income and expenditure for year										
					265,198.00	-265,198.00	1,308,646.00	938.00		
3	31/08/2022	Building Repairs	6050			-21.00				
3	31/08/2022	Suspense	BV00		21.00					
W/O suspense balance										
					21.00	-21.00	1,308,667.00	21.00		

2.1 ACTUAL AUDIT ADJUSTMENTS (CONTINUED)

Number	Date	Name	Account N Reference	Debit	Credit	Net Income (Loss)	Amount Chg Recurrence Misstatement
	12 31/08/2022	Charitable Government Grants - General	4160		-152,015.00		
	12 31/08/2022	Salaries & Payroll Expenses	5000	152,015.00			
		Gross up grants posted to salaries					
				152,015.00	-152,015.00	1,308,667.00	0.00
	13 31/08/2022	Leasehold Buildings transfer	0105		-609,195.00		
	13 31/08/2022	Leasehold buildings depreciation tfr	0156	123,169.00			
	13 31/08/2022	Freehold tfr in	BW03	609,195.00			
	13 31/08/2022	Freehold dep'n tfr in	BW04		-123,169.00		
		Remove leasehold buildings from assets (included within leasehold valuation)					
				732,364.00	-732,364.00	1,308,667.00	0.00
	14 31/08/2022	Freehold property tfr in	0005	5,490,805.00			
	14 31/08/2022	Freehold property depn charge for the year	0010		-109,816.00		
	14 31/08/2022	Unrestricted legacies	4360		-5,490,805.00		
	14 31/08/2022	Building Depreciation	6025	109,816.00			
		Bring in 180 Ashbourne Road Property from RSDO 2016 Property Trust					
				5,600,621.00	-5,600,621.00	6,689,656.00	5,380,989.00

2.1 ACTUAL AUDIT ADJUSTMENTS (CONTINUED)

Number	Date	Name	Account N Reference	Debit	Credit	Net Income (Loss)	Amount Chg Recurrence	Misstatement
	16 31/08/2022	Restricted transfer out	3110	321,390.00				
	16 31/08/2022	General transfer in	3220		-321,390.00			
		Transfer restricted leasehold property funds to unrestricted funds		321,390.00	-321,390.00	6,689,656.00	0.00	
	17 31/08/2022	Fixed asset investments - Additions	0502		-134,304.00			
	17 31/08/2022	Fixed asset investments - Disposals	0503		-16,413.00			
	17 31/08/2022	Fixed asset investments - revaluations	0510	150,717.00				
		Gross up investment portfolio disposals and revaluations.		150,717.00	-150,717.00	6,689,656.00	0.00	
	18 31/08/2022	General transfer out	3210	2,613,826.00				
	18 31/08/2022	Designated transfer in	3310		-2,613,826.00			
	18 31/08/2022	Losses on investments - General funds	9010		-153,076.00			
	18 31/08/2022	Gain/loss on designated fund	BV02	153,076.00				
		Trf investment funds to campus enhancement fund		2,766,902.00	-2,766,902.00	6,689,656.00	0.00	
				9,989,228.00	-9,989,228.00	6,689,656.00	5,381,948.00	

2.2 PROPOSED AUDIT ADJUSTMENTS

All unadjusted errors below materiality are noted in this report unless they are clearly trivial. Adjustment has not been made on the grounds of immateriality, both individually and in aggregate.

Misstatements					
Nature of misstatement ¹ & circumstances of its occurrence (and name of component for group audits, where applicable)	Amount of actual / potential misstatement on the			Unadjusted P&L Effect	Unadjusted B/S Effect
	Factual	Judgement	Projected		
Trf debit balances on aged creditors to trade debtors	0.00	0.00	0.00	0.00	0.00
J2-4 Trade creditors	0.00			0.00	-10,907.08
1000 Sales Ledger	0.00			0.00	10,907.08
Propose to capitalise fire alarm system expenses from repairs & bring in 1 year depn (over 5 years) <i>Helen didn't want to put this one through- considered it to be repairs. Subjective as an adjustment so not considered necessary.</i>	0.00	-47,848.00	0.00	-47,848.00	47,848.00
210 Fixtures & Fittings Additions		0.00		0.00	59,797.00
6050 Building Repairs		-59,797.00		-59,797.00	0.00
255 Fixtures & Fittings depreciation charge		0.00		0.00	-11,949.00
6025 Building Depreciation		11,949.00		11,949.00	0.00
TOTAL:	0.00	-47,848.00	0.00	-47,848.00	47,848.00

3 AUDIT RISKS

We identified the following significant audit risks during our audit and these have been concluded as follows:

Significant Audit Risk area and issue identified at planning	Approach	Findings, significance and recommendations
Revenue recognition risk		
Inappropriate recognition of income in the incorrect period, inadequate controls to identify cut off or conscious decisions to artificially alter the reported income.	Testing and evaluation of controls around Pegasus in respect of revenue recognition and to ensure all sales and other income are recognised in the financial statements in accordance with FRS102 and to support cut off.	Controls around Pegasus in respect of revenue recognition have been tested and are operating effectively ensuring completeness of sales and other income. No material cut off issues identified during detailed testing around the year end.
Management override and bias risk		
Management has the potential to manipulate accounting records and override controls.	Detailed review of a sample of client journals and enquired regarding controls in place.	Our testing has not indicated any areas of management override or bias from our review of journal entries, or when considering accounting estimates.

4 ACCOUNTING AND FINANCIAL CONTROL SYSTEMS

4.1 MANAGEMENT LETTER ISSUES

The action plan below summarises our recommendations for improving the effectiveness of the Charity's accounting and financial control systems in the following areas:

Observation						Implication	Recommendation	Cleared
Priority	Low	Ref.	J18	Year	2017	By failing to implement a consistent policy for purchase orders, the charity is exposed to unauthorised expenditure. Despite the invoices being authorised, the charity will be liable and may have little recourse to a refund in the event of inappropriate or poor value purchases.	Enforce the existing policy that requires purchase orders to be raised on all appropriate expenditure.	
1.	Response	Purchase orders are not raised for all appropriate types of expenditure. Testing also found that a number of invoices are not posted onto the system for several weeks and months following the actual invoice date.						
		2017 audit – Helen has emailed staff reminding them of the PO system in place and that they should be used for all purchases within the school. There are also plans to implement a centralised system whereby admin pool PO's and invoices and distribute throughout the school.						
		2018 audit – Problems persist as found in testing but given the timing of the audit, there will hopefully be a more identifiable improvement next year. On discussion with <u>Helen</u> she stated that there have been vast improvements whereby all PO and petty cash have to be signed by the Headteacher. There has also been an allocation of admin hours which are going to be used to aid the invoicing system.						✓
		2019 audit – Testing showed that there was still PO's not being raised for many invoices. Helen explained that it was not practical to raise <u>PO's</u> for many frequent items which we accept. <u>However</u> the testing showed that some larger items such as advertising and repairs did not have PO's.						
		2020 audit – Testing showed that there was still PO's not being raised for all invoices. Helen said it is not practical to raise <u>PO's</u> for frequent items which we accept. The testing did however show that items such as repairs did not have PO's.						
		2021 audit – Testing did not identify any missing PO's where they would have been expected to be raised.						
		2022 audit - Testing did not identify any missing PO's where they would have been expected to be raised. Helen explained that staff are good at raising PO's and the system is working efficiently. However, for some orders such as food it is impossible to raise a PO as it would be too time consuming. Issue considered complete.						

	Observation						Implication	Recommendation	Cleared
	Priority	Low	Ref.	J18	Year	2022			
2.							Whilst an acceptable explanation, it cannot be differentiated as to which invoices were originally authorised and those that may not have been. Expenses that are not bona fide could be paid without proper authorisation and go undetected.	Ensure all invoices are properly authorised and original copies are kept.	X
	Response		Point acknowledged.						

5 LETTER OF REPRESENTATION

Dear Sirs

MANAGEMENT REPRESENTATIONS TO BATES WESTON AUDIT LIMITED

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the company's financial statements for the year ended 31 August 2022. These enquiries have included inspection of supporting documentation, where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

1 GENERAL

We have fulfilled our responsibilities as Trustees, as set out in the terms of your engagement letter under the Companies Act 2006, for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the Charity have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the Charity, and with all other records and related information requested, including minutes of all management and shareholder meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements are immaterial both individually and in total.

2 INTERNAL CONTROL AND FRAUD

We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error.

We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

3 ASSETS AND LIABILITIES

The Charity has satisfactory title to all assets and there are no liens or encumbrances on the Charity's assets, except for those that are disclosed in the notes to the financial statements.

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

4 ACCOUNTING ESTIMATES

The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

5 LOANS AND ARRANGEMENTS

The Charity has not granted any advances or credits to, or made guarantees on behalf of, Trustees other than those disclosed in the financial statements.

6 LEGAL CLAIMS

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

7 LAWS AND REGULATIONS

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

8 RELATED PARTIES

Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

9 SUBSEQUENT EVENTS

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

10 GOING CONCERN

We believe that the Charity's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Charity's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the Charity's ability to continue as a going concern need to be made in the financial statements.

11 DISCLOSURE OF INFORMATION

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that, so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Each Trustee has taken all the steps that he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Signed for and on behalf of the Board of Trustees of Royal School for the Deaf Derby on page 15.

bates weston
AUDIT

For the year ended 31 August 2022, the following related parties were brought to our attention and considered during our audit work:

Board of Trustees					
Name of individual	Relationships to declare?	Relationship details		Transactions in the year?	Transaction details
D Bulger	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
C Crowley	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
D Du Ceilree Muller	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
J Ottewill	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>			Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>			Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>			Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>			Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>			Yes <input type="checkbox"/> No <input type="checkbox"/>	
	Yes <input type="checkbox"/> No <input type="checkbox"/>			Yes <input type="checkbox"/> No <input type="checkbox"/>	
Senior management					
Name of individual	Position	Relationships to declare?	Relationship details	Transactions in the year?	Transaction details
P Burrows	Headteacher	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
R Irgi	Deputy Headteacher	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
N Gorse	Deputy Head Care & Guidance	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
H Radford	Charity & Company Secretary	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
A Pritchard	Accounts Administrator	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

Please obtain confirmations from the above-named individuals and include anyone else in a position of authority as appropriate. The completed form should be returned before commencement of the audit.

Form compiled by:	Name	Helen Radford	Date	28.11.2022
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7 FINAL INFORMATION REQUEST

The Trustees and the auditors are required to consider, and take account of if applicable, all events up to the date of signing of the financial statements and auditors' report respectively that may need reflecting in the financial statements.

Accordingly, under ISA 560 we require sight of the following:

- latest management accounts and;
- minutes or correspondence that may be relevant to our audit.

We regret that final certified accounts cannot be released or filed at Companies House until we have received all the signed documentation including such post balance sheet information they consider adequate for our audit opinion.

Delay in returning all the documents above may involve extra audit work and consequently further fees.

8 MANAGEMENT REPORT APPROVAL

We confirm our reading and understanding of this report and evidence our approval of the following schedules without exception by signing below:

▪ Actual audit adjustments	5
▪ Proposed audit adjustments	8
▪ Management letter issues	10
▪ Letter of Representation	12
▪ Related parties	14


Approved on behalf of the Board

Signed

Name

Trustee

Date


James AB Ottewill
23rd Feb 2023