

**Company No. 08586329
Charity No. 1153976**

Azbuka Foundation

Report and Accounts

For the year ended 31 August 2022

**Studland Hall
Studland Street
Hammersmith
London W6 0JS**

Azbuka Foundation

Directors' Report

For the year ended 31 August 2022

The directors present their report and accounts of the charity for the year ended 31 August 2022. This report also represents the trustees' report required under the Charities Act 2011.

The directors have had due regard to guidance published by the Charity Commission.

LEGAL AND ADMINISTRATIVE INFORMATION

Charity name:	Azbuka Foundation
Charity registration number:	1153976
Company registration number	08586329
Registered office and operations address	Studland Hall, Studland Street, Hammersmith, London W6 0JS

Directors (Trustees)

The directors who were in office during the year and up to the date of this report are:

Maria Gavrilova
Andrew Jack
Charmian Kenner
Svetlana Malinina
Jason Manning
Irina Khabibulina
Vasiliki Lytra (appointed 4 January 2022)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a charitable company limited by guarantee, incorporated on 26 June 2013. The company was established under a Memorandum of Association. The Articles of Association explain the objects and powers of the charitable company and how it should be governed. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Directors

The directors of the company are also charity trustees for the purposes of charity law.

New trustees are appointed by the members of the charity.

Trustee meetings are held 4 to 5 times a year.

OBJECTS OF THE CHARITY

The objects of the charity are:

The advancement of education for the public benefit in particular by:

- the provision and conduct of a school or schools in England and Wales with bilingual Russian-English curriculum;
- the promotion of bilingual education;
- the provision of education materials or services, including promotion of Russian language, literature and culture; and
- such other means as the Trustees shall determine

Azbuka Foundation

Directors' Report

For the year ended 31 August 2022

ACTIVITIES and ACHIEVEMENTS

In planning the activities for the year, the trustees have had due regard to Charity Commission guidance on public benefit. The activities carried out include the following:

- Negotiating rent review and break clause with the Landlord.
- Redesigning 1st Floor to accommodate Year 6 from September 2021
- RSE introduced as part of the PSHE curriculum
- Updating Fire safety systems at new premises
- Opening Year 6 of full-time school. First graduates cohort
- Five full-time teachers (Rus and English) and 8 Nursery/Reception teachers
- Two part-time Teacher assistants □ Nursery manager □ Visiting teachers (Dance, Circus, ICT, STEM and science, Spanish)
- 21 students (Year 1/Year 2/Year 3/Year 4/Year 5 and 6) and 30 Nursery/Reception children
- Progress /developing the Russian Peterson maths programme/curriculum at full-time school □ Developing Nursery/Early years programme
- Developing the school bilingual assessment policies
- Russian-Ukrainian war. Addressing the impacts of the conflict on the children and families of the school. Safeguarding and Statement on Ukraine (website)
- Launching Ukrainian Education fund to accommodate refugees from Ukraine and fund the additional bursaries for these children. Extra Ukrainian language support in the curriculum for the Ukrainian speaking refugees.
- Preparing for the first ISI Inspection
- New trustee supporting the bilingual education pedagogy
- Events (open days, productions and events for the wider community)
- Developing and expanding Azbuka website
- Fundraising activities (see Minutes) – events/teacher productions
- Subletting premises – new agreements and tenants
- Fees increase from September 2021
- Looking for new trustees with fundraising experience

FINANCIAL REVIEW AND RESERVES POLICY

The charity incurred a net deficit for the year of £43,206 compared to a deficit of £61,525 in the previous year. There is a deficiency of unrestricted funds carried forward at the year end amounting to £119,083 compared to a deficiency of £75,877 at the previous year end. Please refer to Note 1 of the accounts for more information regarding the going concern status of the charity.

To address the deficit the trustees decided to increase student fees in 2 stages for the current students.

The first increase was implemented this academic year. The second increase from September 2023 (next academic year).

The Fee rises from September 2022 onwards will increase Fee income by about £50k in the current (22/23) school year, and will enable Azbuka to eliminate the deficit in 2022/2023.

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime.

Approved by the Board on and signed on its behalf by:

.....
Maria Gavrilova
Director

Independent Examiner's report to the trustees of Azbuka Foundation

I report on the accounts of the company for the year ended 31 August 2022 set out on pages 4 to 8.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met.

Material uncertainty

The financial statements show a deficit of £61,525 and there is a deficiency of assets of £75,877. There is thus uncertainty as to whether the charity will be able to operate as a going concern for the foreseeable future. Paragraph two Note 1 of the accounts explains how the charity will remedy this situation.

The accounts have been prepared on a going concern basis which is appropriate having regard to the circumstances of the charity.

.....
HARRY NICOLAOU FCA
Of Harry Nicolaou &Co Limited
Chartered Accountants
21 Brendon Way
Enfield
EN1 2LF
.....

Azbuka Foundation

Statement of Financial Activities (including Income and Expenditure Account)

For the Year Ended 31 August 2022

	Note	Total funds Unrestricted 2022 £	Total funds Unrestricted 2021 £
INCOME from:			
Donations		32,086	1,695
Government grants		96	11,390
		32,182	13,085
Charitable activities:			
School fees		288,321	244,526
Nursery fees		200,278	100,557
Grant (LB H&F)		76,678	158,683
Other income		29,496	20,124
		594,773	523,890
Total income		626,955	536,975
EXPENDITURE on:			
Charitable activities			
Bursaries		10,666	10,178
Early Education funding		70,931	78,288
Staff costs	2	439,988	359,037
Printing		1,284	2,205
Rent and rates		96,173	99,809
School resources and expenses		15,146	11,163
Repairs and maintenance		2,689	6,827
Telephone and internet		1,049	1,047
IT expenses		3,732	3,121
Insurance		2,462	1,682
Bank charges		153	130
Cleaning and other expenses		6,372	6,253
Bookkeeping		3,654	4,691
Travelling expenses		1,970	921
Clothing costs		649	-
General expenses		2,143	-
Website expenses		308	-
Legal and consultancy fees		5,216	8,728
Depreciation		2,676	1,620
Governance cost: independent examination		2,900	2,800
Total expenditure	3	670,161	598,500
Net expenditure and net movement in funds.		(43,206)	(61,525)
RECONCILIATION OF FUNDS			
Total funds brought forward		(75,877)	(14,352)
Total funds carried forward - deficiency		(119,083)	(75,877)

Net expenditure is also net expenditure for Companies Act purposes.

Azbuka Foundation

Company No. 1509049

Balance Sheet

As at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	6	8,027	4,859
		8,027	4,859
Current assets			
Debtors	7	34,686	32,325
Cash at bank and in hand		7,230	41,883
Total current assets		41,916	74,208
Creditors falling due within one year	8	(82,271)	(68,189)
Net current (liabilities)/assets		(40,355)	6,019
Total assets less current liabilities		(32,328)	10,878
Creditors falling due after more than one year	9	(86,755)	(86,755)
Net liabilities		(119,083)	(75,877)
Funds			
Unrestricted general funds		(119,083)	(75,877)
Total funds - deficiency		(119,083)	(75,877)

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

Approved by the directors on

And signed on their behalf by:

.....
Maria Gavrilova
Director

Azbuka Foundation

Notes to the Accounts

For the Year Ended 31 August 2022

1. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

In the context of the current difficult economic environment, including the Covid-19 pandemic, the Ukraine crisis and high inflation, the trustees recognise significant pressures on student numbers, costs and fund-raising. They have taken long-term measures to reduce the deficit reported this year and for 2020/21, including by raising fees more in line with other similar schools. The accounts have been prepared on a going concern basis.

The charity constitutes a public benefit entity as defined by FRS 102.

Income recognition

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a settlement will be required and the amount of the obligation can be measured reliably.

Fund accounting

Restricted funds are incoming resources, which are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are grants, donations and other incoming resources receivable for the objects of the charity without further specified purpose and are available as general funds.

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost of each asset less its estimated residual value, over the useful economic life of that asset as follows:

Office furniture and equipment	25% reducing balance
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Debtors

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

Creditors

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

Financial instruments

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

Commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

Pensions

The costs of the workplace defined contribution arrangements are charged to the SOFA as incurred.

Azbuka Foundation

Notes to the Accounts

For the Year Ended 31 August 2022

2. Staff costs

	2022	2021
	£	£
Salaries and wages	348,303	272,072
Social security costs	29,190	18,987
Pension costs	7,130	4,564
Payroll processing costs	1,745	1,707
Recruitment costs	644	5,178
Other staffing costs	52,976	55,151
Training costs	-	1,378
Total staff costs	439,988	359,037

3. Net expenditure for the year

	2022	2021
	£	£
This is stated after charging:		
Independent Examiners fee	2,900	2,800
Depreciation	2,676	1,620

4. Trustees

No remuneration was paid to the trustees and no expenses were reimbursed to them during the year.

5. Taxation

The charitable company is exempt from corporation tax on its charitable activities.

6. Tangible fixed assets

	Fixtures and fittings	Furniture & office equipment	Total
		£	£
Cost			
At 1 September 2020	2,988	6,996	9,984
Additions	3,715	2,129	5,844
At 31 August 2022	6,703	9,125	15,828
Depreciation			
At 1 September 2020	747	4,378	5,125
Charge for the year	1,489	1,187	2,676
At 31 August 2022	2,236	5,565	7,801
Net book value			
At 31 August 2022	4,467	3,560	8,027
<i>At 31 August 2021</i>	<i>2,241</i>	<i>2,618</i>	<i>4,859</i>

7. Debtors

	2022	2021
	£	£
Trade debtors	1,256	731
Other debtors	33,430	31,594
	34,686	32,325

Other debtors of £23,187 fall due after more than one year

Azbuka Foundation

Notes to the Accounts

For the Year Ended 31 August 2022

8. Creditors falling due within one year

	2022	2021
	£	£
Trade creditors	22,315	8,997
Taxation and social security	8,611	7,204
Other creditors and accruals	51,345	51,988
	<u>82,271</u>	<u>68,189</u>

9. Creditors falling due after more than one year

	2022	2021
	£	£
Loan (see note 9)	<u>86,755</u>	<u>86,755</u>

10. Related party transactions

The loan referred to in Note 8 of £86,755 is due to Maria Gavrilova, a trustee of the charity. During the year Maria Gavrilova received remuneration as Principal of the school at well below market rates.

During the year Svetlana Malinina, a trustee has provided dance lessons to pupils of the charity at rates well below market rates.

11. Operating lease commitments

The total of future minimum lease payments under a non-cancellable operating lease at 31 August 2020 is as follows:

	2022	2021
	£	£
• Not later than one year	100,884	100,884
• Later than one year and not later than five years	403,536	403,536
• Later than five years	605,304	706,188
	<u>1,109,724</u>	<u>1,210,608</u>