

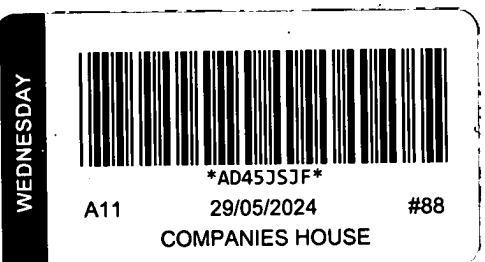
Lycée International de Londres

Annual Report and Financial Statements

31 August 2023

Company Limited by Guarantee
Registration Number
09033139 (England and Wales)

Charity Registration Number 1160719



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Reference and administrative details of the school, its governors and advisers

Governors	Mr A Vaissié (Chair) Mrs J Banks Oughourlian Mr L Bouvard Mrs J Camblin Mr E Caradec Mrs E de Fontaubert Mr K Laurson Mr B Michaud Mr M Penrose
Clerk to the Governors	Ms C Diedreich
Headteacher	Mrs M Rabaté
Address	54 Forty Lane Wembley HA9 9LY
Company registration number	09033139 (England and Wales)
Charity Registration number	1160719
Chief Operating Officer	Dr L Batut
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC 593 - 599 Fulham Road Fulham London SW6 5UA
Solicitors	Stone King LLP 16 St John's Lane London EC1M 4BS

Governors' report 31 August 2023

The governors present their annual report and audited accounts for the year ended 31 August 2023.

The report has been prepared in accordance with Part 8 the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The charitable company, which is governed by a memorandum and articles of association, was incorporated as a company on 9 May 2014 and registered as a charity on 2 March 2015.

Governors

The governors who served during the year and up to the date of signing the accounts were as follows:

Mrs J Banks Oughourlian*	
Mr L Bouvard*	
Mrs J Camblin	
Mr E Caradec	
Mrs E de Fontaubert	
Mr K Laurson*	
Mr B Michaud	
Mr M Penrose	
Mr A Vaissié	

*Member of Finance Committee

No governor or person connected with a governor received any benefit from either means tested bursaries or scholarships awarded to our pupils.

Governors' responsibilities statement

The governors are required to prepare a trustees' report and accounts for each financial year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) that give a true and fair view of the state of affairs of the school and of its incoming resources and application of resources for the year. In preparing accounts giving a true and fair view, the governors should follow best practice and:

- ◆ select suitable accounting policies and then apply them consistently;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governors' responsibilities statement (continued)

- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the school. They also have responsibility for safeguarding the assets of the school and for taking reasonable steps to prevent and detect fraud and other irregularities.

Recruitment and training of governors

All governors have been allocated areas of responsibility, which, where possible, are in accordance with their skills and experience. Stone King refreshed and updated training for the governors to ensure the roles and responsibilities of the governors were understood in February and March 2018. In addition, all governors are invited to attend regular safeguarding training to help increase the understanding and awareness of safeguarding practices in a school setting. The most recent safeguarding training for governors was in December 2023 and January 2024. The Governors attended training in strategic planning in September 2019. They are also provided with information about additional training opportunities as information becomes available.

Key management personnel

The governors consider that they, together with the Senior Leadership Team comprise the key management of the charity¹ and are in charge of directing and controlling it. The Senior Leadership Team is responsible for running and operating the charity on a day-to-day basis.

Remuneration for members of the Senior Leadership Team is set based on the competitive market rate for comparative roles requiring a similar skill set and experience in order for the individual to be successful. Salaries are reviewed annually by the governors in line with the policies of the School and the contracts of employment.

Organisational management

The details of the current governors and directors, and those who held office during the year are set out on page two.

The directors, who are the Charity Trustees for the purposes of the Charities Act 2011, oversee the operations of the Charity. Full-time paid employees undertake the day-to-day management of the School. The Board of Governors meets on average once every two months or twice per school term to discuss the affairs of the Charity as a whole.

¹ Head of School, Chief Operating Officer, Heads of the Primary and Secondary Sections, Head of Pastoral and Students' Services and Heads of Careers.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Organisational management (continued)

Each key operational aspect of the school is managed through sub-committees whose members include various Board members and members of the School's operational management team. These sub-committees cover areas such as curriculum, finance, communications, HR, health and safety, safeguarding, and governance. Wherever possible, the specialisms of the individual governors are utilised in determining the composition of the various committees.

Governors' indemnities

The Charity has purchased a professional indemnity policy to protect the governors from loss arising from neglect or defaults of the governors. This was purchased as part of an insurance package.

Connected charities

Mr A. Vaissié is also a trustee of Wembley Education Charitable Trust (WECT), the landlord under a lease for the premises at 54 Forty Lane, Wembley, Middlesex, HA9 9LY between WECT and the Charity.

Risk management

The governors have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Along with all of its policies and procedures, the Charity reviews its procedures regularly to ensure compliance and that significant risks are monitored and controlled.

The key controls used by the Charity include detailed budget preparation and monitoring, the implementation of a logical and consistent organisation structure with clear reporting lines, clear authorisation and approval levels and, as and when necessary, the employment of external professional advisers.

A risk management plan has been created in order to ensure the governors are aware of the significant risks, how they are controlled and the extent to which a residual risk remains.

International crises and the overall economic context triggered a period of high inflation, more specifically those relating to energy and food, of which the consequences were felt again throughout this accounting year, even though inflation had started to ease. The governors recognise their responsibility for the management of risks faced by the Charity. Over and above these, the areas identified for particular attention within our risk management strategy are:

Loss of key team members

The potential loss of key team members on both the academic and administrative sides of the School operations is managed by ensuring that School policies on pay, benefits and development opportunities are competitive as well as ensuring working conditions and the environment are attractive in order to retain team members. In addition, continuity planning is in place to ensure that knowledge is shared and team members are developed and promoted from within wherever possible.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

Competition in the sector

Increased competition in the sector, and the comparative school fee rate versus the competition could lead to difficulties in enrolling sufficient students to maintain the operating expenses of the school, by ensuring that the ethos of the School is unique, education, is of a high standard and appealing to a diverse range of people. Fee levels are decided based on numerous considerations, including the financial requirements of the School, anticipated admissions and the competitive market place.

Continued Impact of Brexit

Brexit reduced the number of French and French-speaking families relocating to London, and the introduction of visas for all non-British nationals, has had an impact on staff costs and attractiveness, particularly for staff from EU member-states. The School ensures that the education provided is appealing to a broad range of families and is unique in comparison to other offerings in London. The Board ensures a strategy is in place to market the School effectively and makes a conscious effort to understand the profile and requirements of the potential families that would consider enrolling. It is the reason why the School:

- introduced an English International Programme from September 2018 which prepares students for the International Baccalaureate Diploma Programme (IBDP) and is now an accredited IB World School. IB World Schools share a common philosophy - a commitment to high quality, challenging, international education - that we believe is important to our students. For further information about the IB and its programmes, visit www.ibo.org.
- opened an Early Years Foundation Stage to children in pre-reception and reception in September 2020. Each class has a French and an English-speaking teacher, encouraging bilingualism from the beginning of their education.
- Obtained a CIS (Council of International Schools) accreditation in December 2022.

Safeguarding, Health and safety (H&S),

Failing to ensure the safety of the students, staff and all members of the school community would undermine the quality of the School and jeopardise its reputation in the community. Rigorous policies and procedures and staff training are in place to ensure that health and safety and safeguarding arrangements are of the highest standards and the Board audits these standards and their implementation regularly through the use of its dedicated sub-committees.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Principal charitable objects

Through a rigorous, bilingual programme and innovative methods, we educate pupils to become responsible, creative and principled global citizens. We teach them to think critically and act ethically, to form and express their own opinions and respect those of others, to define their own life goals and to make sense of and embrace change.

Fundraising

The School does not actively fundraise as the majority of income is from fees received, although occasional donations are received. The school has received no complaints in respect of fundraising.

Modern learning, timeless values

The primary objective of the entire Lycée International Winston Churchill teaching community is to contribute to the intellectual development and personal fulfilment of each and every pupil.

We develop the intellect and character of our pupils to enable them to take on the challenges of the world.

Capable of thinking for themselves and expressing their opinions with confidence, our pupils thrive in a bilingual and international environment, underpinned by excellence and a dynamic flow of pedagogical innovation.

Integrity, courage and respect are the core values we encourage them to develop, with the aim, ultimately, that they become true 'global citizens'.

Excellence

Each student is entitled to the best possible education according to their needs, with the goal of achieving excellence in both intellectual and social endeavours. We believe that learning should be a fulfilling experience, and that school should be a place fostering joy, creative thinking and openness. Our school encourages individual and collective initiatives. We want our children to think positively about themselves and to recognise and value their own talents and those of others.

Creativity

It is our firm belief that learning can take multiple forms, and therefore is enhanced by diverse approaches as well as the responsible use of technology. We encourage our teachers to think and teach creatively, to use a variety of methods, from lectures to project-based, hands-on sessions, from books to digital resources and blended learning. We expect them to develop innovative lesson plans in order to help each student discover his or her own learning style, talents and potential. We encourage them to discover and understand the digital world and make the best use of it.

Integrity

We believe that honesty is of paramount importance in character building. We encourage students to embrace challenges and welcome hurdles in every part of their lives. We ask them to own their mistakes and learn from them.

Community

We encourage teamwork and foster a sense of community and solidarity within and outside the School, from positive collaboration and healthy competition in the classroom to volunteering and community involvement both locally and globally. We look forward to support and collaboration from parents, which in turn we offer to families.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Awareness

We welcome students, families and employees from all backgrounds and cultures. We respect and celebrate their identity, lifestyles, preferences and individual differences. We expect every member of our community, children and adults, to do the same.

Public benefit

Lycée International de Londres, as a registered charity, is committed to providing public benefit to both the local community in Wembley and to the students' community that benefits from receiving the education it has to offer.

The School aims to engage with the local community through the hiring of its facilities to local clubs or individuals at reduced rates, and by also supporting local government bodies such as Brent Council, to make the facilities available for events such as local election polling, if needed. The school welcomes the Brent Police cadets to its facilities for their weekly training sessions. Brent Music Services uses the school for rehearsals two nights a week. In July 2023 the school hosted the DSL conference for Brent and welcomed Buxlow Preparatory School pupils for various events.

Through the School, students participate in the Duke of Edinburgh Award Scheme. During the year to 31 August 2023 the participants donated 3,029 hours of voluntary service to the local community. The social value of these hours is £14,568.

The School would like to ensure that individuals of diverse economic backgrounds have the opportunity to benefit from the education it provides. As a French-accredited school, Lycée international de Londres contributes 2% of its tuition income to the *Agence pour l'enseignement français à l'étranger* (AEFE) and all French students at the School can apply to the AEFE means-tested bursaries programme. Since September 2022 the school introduced a means-tested bursary scheme to compliment the AEFE scheme and further its goal.

The French Scholarship Foundation, which is a registered charity, also offers means-tested financial support to students in the School.

As a registered charity and a company limited by guarantee, with no external shareholders, any surpluses created from the operation of the school are reinvested in the education of the students and the maintenance of its equipment and premises. This allows the fees charged by the school to be remain as affordable as possible to as many families as possible.

The trustees have due regard to the Charity Commission's guidance on public benefit.

Objectives for the year

Following the challenges of Brexit, Covid and the cost-of-living crisis, the School's focus continues to be growing our student numbers. We are exploring new ways to bring the school to the attention of families who are looking for an international education using modern teaching techniques. The objectives of Lycée International de Londres remain consistent with those at the point of the School being established in September 2015, and the vision to create the School which began some years before. The School endeavours to create a nurturing and vibrant environment where students and adults thrive, sharing the joys of teaching and learning. In June 2023 the school had a successful Independent School Inspectorate (ISI) compliance inspection.

Rooted in the tradition of educational excellence, and aiming to offer the most modern pedagogical approaches, our ethos reflects our commitment to foster the development of the whole child along with collective achievement through mutual respect and dedication.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Objectives for the year (continued)

An enriching extra-curricular programme enables students to participate in activities that challenge them both intellectually and physically. Opening Minds classes allow Secondary students of all year groups (whether they are in the *Baccalauréat français* section or the English International Programme/IBDP) to explore new areas not traditionally taught in secondary schools. The Service Learning Programme, part of the School's wider Global Travel Programme, offers life-enriching experiences for students of all ages to explore different cultures and environments that exist in less fortunate conditions than those they are familiar with, and enables them to give back and enrich the lives of others through their service. These activities were curtailed for the period of the pandemic. International trips have resumed in 2022-2023 with a European focus to recognise the issues surrounding sustainability.

Strategies to achieve the objectives for the year

In order to fulfil the potential of the School and the aims highlighted above, a highly talented and dedicated team of experienced educational professionals has been assembled. These individuals are empowered to push the boundaries of traditional education and engage students in a modern environment equipped with the latest educational technology and equipment.

The facilities and learning environment remain exceptional. Classrooms contain digital projection facilities and Apple TVs for connecting to the iPads which are provided individually to all teachers and secondary school students. In October 2022 the school became an Apple Distinguished School, one of only 689 in the world. High quality WiFi is available across the school buildings and digital conferencing facilities are available in a number of areas.

The school canteen is fitted out to hospitality standards and is operated by a specialist caterer.

The Global Travel Programme resumed in 2022-2023 and is managed by an experienced educator who works with reputable providers. Destinations are selected based on the experience and knowledge of the trip leaders, whilst providing exceptional opportunities for the students to learn about new cultures, environments and develop their language skills as well other social skills. Sustainability is an important factor when selecting potential destinations. Time dedicated to planning and arranging trips is within the job description of the coordinator who is supported by the School's Leadership Team in regular planning sessions.

Principal developments in the year

In its eighth year, the average number of students was 830. The students came from 570 families from all over the world.

37 new members of staff joined the School during 2022-2023, 57% of whom are international and 40% (of all new members of staff) were new to London. The staff were inducted into the policies and procedures of the school and received safeguarding training. Staff well-being has remained one of the corner stones of our HR policies and our staff well-being champions have supported all staff members when the need arose.

The Early Years Foundation Stage has been steadily growing in numbers since its inception in 2020 enabling more students to benefit from our unique Early Years dual language immersion programme from the age of three, guided by two teachers who each use their mother tongue alongside each other in a warm, family-like setting. This setup creates the ideal conditions for bilingualism to flourish naturally in a safe and nurturing environment.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Scholarship and bursary policy

Following plans and provision made in the previous year a means-tested bursary scheme funded by the school was introduced in September 2022. The School is committed to enabling as many individuals as possible who would benefit from the education it provides to be able to access it. The introduction of the scheme will be phased and aligned with the resources that the School has available to dedicate to it as the school establishes itself further and grows.

In addition to the above, Lycée International de Londres Winston Churchill is accredited by the French *Ministère de l'Education Nationale* which enables it to participate in the national French bursary scheme administered by the Consulate. The School currently contributes 2% of its tuition revenues annually as part of this accreditation. This forms part of the funds distributed to families requiring financial support enabling them to receive a French education across the world.

The French Scholarship Foundation (FSF) offers financial assistance to families with pupils at Lycée International de Londres Winston Churchill and at *Collège français bilingue de Londres* (CFBL). Families from both schools, with financial needs, may submit an online application. FSF handles all applications in an impartial and confidential manner in accordance with the financial assistance policy on the FSF website.

Community access

Engaging with the local community is something the School is dedicated to doing. Relationships with local council members are strong and there has been positive work with regards to the improvements in road safety around the School. Several initiatives have been undertaken with local schools and we plan to develop these relationships further over the coming twelve months. The School also remains committed to opening up the use of its facilities to local organisations that would benefit from the spaces it has to offer and its Community Access Plan has been linked to the Brent Council website to facilitate this.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the school

The eighth year of operation for the School, like the first seven, was extremely positive. Enrolment remained in line with expectations throughout the year and averaged 830 full-time equivalent students. 827 students are registered and committed to attending the School for its ninth year of operation, 2023-2024.

The School's website is an important source of information for prospective families and the design and content are frequently enhanced during the year to reflect this. The portals used to distribute information to families, staff and governors continue to be enriched.

The School's staff is in line with student numbers. All are passionate about education and their skills, dedication and enthusiasm support the students. The Opening Minds classes continue to flourish and augment the curriculum. The After School Programme (ASP) offers new opportunities for all students to engage in various age-appropriate activities from music to volley ball. The *Garderie* (after school day care) remains strong and offered care to a increasing number of students as the Primary Section grows year on year.

In November 2022 the school was honoured to receive the ISA (Independent School Association) Senior School of the Year Award, a distinction that recognises excellence in students' academic as well as personal development.

The *Terminale* students achieved excellent results in the *Baccalauréat* in June. The pass rate was 100%; 95% with "mentions"; 24% with "bien" and 47% "très bien".

For the third time International Baccalaureate students graduated. 100% of our students passed, 40% of them exceeded the UK average, and 25% received a mark above 40.

The Careers Department worked diligently with all senior students, to help them think strategically about their future and support their applications to universities in the UK and all around the world.

Within the Class of 2023, 55% of students are attending U.K. universities, of which 65% are part of the Russell Group universities. 29% are attending Higher Education institutions in France, of which 4% are *Classes préparatoires au Grandes Écoles*. 8% are attending universities in Canada and the U.S. We also have 3% of students attending universities in Italy and Spain. Lastly, 4% are taking a Gap Year or completing a Degree Apprenticeship.

FINANCIAL REVIEW

Results for the year

A summary of the results for the year is shown on page 17 of this report and accounts.

The total income for the year ended 31 August 2023 amounted to £13,076,000 (2022 – £11,978,000). This includes donations of £11,000 of which £6,000 was unrestricted (2022 – £16,000 unrestricted). The majority of other income was obtained from the pre-registration, registration and school fees.

During the year ended 31 August 2023 total expenditure of £13,761,000 (2022 – £12,124,000) was incurred.

The deficit of income versus expenditure for the year was £685,000 (2022 – deficit of £146,000). Prior to depreciation being charged to the accounts the deficit of expenses against income was £386,000 (2022 – £62,000 surplus). High level of inflation caused this deficit as well as an overall increase in staff cost. It is worth noticing that the deficit before depreciation was lower than forecast in the initial budget thanks to an increase in admissions throughout the year.

Reserves policy and financial position

The cash position of the school is strong and, while the aim of the School is to build up a financial reserve equating to three months of expenditure, it is protected by the cash balance. Beyond this level, the investment of any surplus reserves will be at the discretion of the Board of Governors but shall not include the drawing or distribution of any funds from the Charity. Assets purchased or invested in shall be considered and appraised in terms of conversion back in to cash should there be a requirement at any point.

At 31 August 2023 the School's free reserves (unrestricted funds not tied up in fixed assets) were in deficit by £273,000 (2022 – surplus of £376,000). Although the free reserves are too low, the cash position remains positive and gives the School confidence that this level can be improved in the coming years.

In the absence of the three months' expenditure at this point, the Finance Committee will continue to closely monitor the cash flow forecast and monthly cash position of the School to ensure that positive cash flows through early tuition fee collection are sufficient to outweigh any unexpected costs.

The Finance Committee meets regularly in order to review this matter and put in place any measures, such as expenditure caps, should they be deemed necessary. In particular, at the current time, the reserves need to be sufficient to enable the Charity to operate in the current economic environment.

Longer term strategic plans are in place to ensure that the financial stability of the School is maintained as the number of pupils, revenue and the cost base are expected to grow significantly over the next 8-10 years.

The future reserves policy of the School states that any financial reserves generated are reinvested into the education programme, or the protection of the future financial success of the School through the investment in assets convertible into resources should they be needed at any point. No dividends or distributions are made by the School to any individuals or other organisations.

Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

Despite the total free reserves carried forward as at 31 August 2023 being in a deficit position of £273,000, the budget scenarios show that the school can recover its reserves position over the next 6 years. Throughout the year, the School maintained a healthy cash balance and will maintain a positive cash balance in the coming years.

The governors do, however, recognise that there are a number of challenges in achieving this recovery in the short term, particularly given the more recent cost pressures resulting from high and fluctuating rates of inflation, and uncertainties which exist around the possible change of the tax status of independent schools in England.

Whilst the degree of uncertainty described above warrants transparent disclosure, the trustees have concluded that it does not constitute a material uncertainty related to going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Therefore the financial statements of Lycée International de Londres for the year ended 31 August 2023, have been prepared on the going concern basis.

FUTURE PLANS

Despite the current economic and political environment, student enrolment in September 2023 was in line with, in fact slightly over, budget and is expected to remain stable over the next five years.

Demand for places in the Early Years Foundation Stage has increased and the School has expanded its capacity in the area. These children are taught in French and English simultaneously, creating a strong base to support bilingual education throughout the School. All year groups to *Terminale*/Year 13 have been fully operational since September 2020. Demand for places in the English International Programme has increased steadily so that it now represents 18% of students in the Secondary section.

The School met the challenge of an unprecedented period of high inflation. The School's resilience was tested once again as the job market is becoming increasingly competitive and pressures to raise salaries mounted. The School responded well to the cost-of-living crisis and maintained a constructive dialogue with families resulting in healthy admission levels. The governors acknowledge and recognise the potential impact of this new crisis on the future operations of the Charity, its beneficiaries, partners and stakeholders and on wider society. As inflation started to ease, the pressure on expenses remained high. Although there can be some expenditure savings, some items, such as food, utilities and maintenance cost more. Economic pressures will remain strong and will impact the capacity of families to pay higher tuition fees. However the Governors do not anticipate the financial position of the charity to be adversely impacted or its solvency threatened.

In so far as the governors are aware at the time of approving our governors' annual report:

- ◆ There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Charity's auditor is unaware; and
- ◆ The governors, having made enquiries of fellow governors, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of all of that information.

Approved by the governors and signed on their behalf by:



K Laurson

Approved on:

22/05/2024

Independent auditor's report 31 August 2023

Independent auditor's report to the members of Lycée International de Londres

Opinion

We have audited the financial statements of Lycée International de Londres (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. 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.

Independent auditor's report 31 August 2023

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the 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.

Independent auditor's report 31 August 2023

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, the Companies Act 2006, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Health and Safety Regulations, Data Protection and Safeguarding; and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes.

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

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ reviewed journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;

Independent auditor's report 31 August 2023

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the Charity Commission.

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 23/05/2024

Statement of financial activities
(including the income and expenditure account)
Year ended 31 August 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	2023 £'000	2022 £'000
Income and expenditure					
Income from:					
Donations	1	6	5	11	16
Charitable activities					
School fees and related charges	2	13,043	—	13,043	11,962
Total income		13,049	5	13,054	11,978
Expenditure on:					
Charitable activities					
Provision of education	3	13,760	10	13,770	12,112
Corporation tax	8	—	—	—	12
Total expenditure		13,760	10	13,770	12,124
Net (expenditure) income and net movement in funds	5	(711)	(5)	(716)	(146)
Reconciliation of funds:					
Balances brought forward at 1 September 2022		897	27	924	1,070
Balances carried forward at 31 August 2023		186	22	208	924

All of the school's activities derived from continuing operations during the above period.

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 August 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible assets	9		521		546
Current assets					
Debtors	10	10,603		9,540	
Cash at bank and in hand		4,021		3,677	
		14,624		13,217	
Liabilities					
Creditors: amounts falling due within one year	11	(14,937)		(12,839)	
Net current assets			(313)		378
Total net assets			208		924
The funds of the charity:					
Funds and reserves					
Restricted funds	12		22		27
Unrestricted funds			186		897
	13		208		924

Approved by the governors on 22/05/2024

and signed on their behalf by



K Laurson

Company registration number: 09033139 (England and Wales)

Statement of cash flows 31 August 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	618	(215)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(274)	(161)
Net cash (used in) investing activities		(274)	(161)
Change in cash and cash equivalents in the year		344	(376)
Cash and cash equivalents at 1 September 2022	B	3,677	4,053
Cash and cash equivalents at 31 August 2023	B	4,021	3,677

Notes to the statement of cash flows for the year to 31 August 2023

A. Reconciliation of net movement in funds to net cash provided by operating activities

	2023 £'000	2022 £'000
Net movement in funds (as per the statement of financial activities)	(716)	(146)
Adjustments for:		
Depreciation charge	299	208
(Increase) in debtors	(1,063)	(842)
Increase in creditors	2,098	565
Net cash provided by (used in) operating activities	618	(215)

B. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	4,021	3,677
Total cash and cash equivalents	4,021	3,677

C. Analysis of changes in net debt

	At 1 September 2022 £'000	Cash flows £'000	At 31 August 2023 £'000
Cash	3,677	344	4,021

Principal accounting policies 31 August 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023 with comparative information provided in respect to the year ended 31 August 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102 (second edition)) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the rate of depreciation;
- ◆ estimating the provision for doubtful debts; and
- ◆ estimating future inflows and outflows for assessing going concern.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

Despite the total free reserves carried forward as at 31 August 2023 being in a deficit position of £273,000, the budget scenarios show that the school can recover its reserves position over the next 6 years. Throughout the year, the School maintained a healthy cash balance and will maintain a positive cash balance in the coming years.

The governors do, however, recognise that there are a number of challenges in achieving this recovery in the short term, particularly given the more recent cost pressures resulting from high and fluctuating rates of inflation, and uncertainties which exist around the possible change of the tax status of independent schools in England.

Whilst the degree of uncertainty described above warrants transparent disclosure, the trustees have concluded that it does not constitute a material uncertainty related to going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Therefore the financial statements of Lycée International de Londres for the year ended 31 August 2023, have been prepared on the going concern basis.

Principal accounting policies 31 August 2023

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, school fees and related charges.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated equipment and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the equipment is provided/the facilities are used by the charity. An equivalent amount is included in fixed assets or as expenditure.

Donated equipment and facilities are recognised based on the value of the gift to the charity, which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

School fees and other charges are credited to the statement of financial activities on a receivable basis with fees raised at the beginning of the financial year and deferred until earned. Fees are stated net of bursaries, scholarships and discounts.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT.

Charitable expenditure comprises expenditure incurred in carrying out the school's main activity of the provision of education and comprises:

- ◆ Teaching costs – the cost of teaching and support staff salaries, including pension and national insurance costs, books and other tuition expenses, and the cost of games and activities.
- ◆ Welfare costs – all domestic costs associated with the school, including employment costs, consumables and catering costs.
- ◆ Premises costs – all domestic costs associated with the premises, grounds and estates.
- ◆ School management and administration – the costs of general administration and management of the school.
- ◆ Governance costs include costs which are directly attributable to legal procedures necessary for compliance with statutory requirements.

Principal accounting policies 31 August 2023

Taxation

UK corporation tax is payable on the charity's taxable profits for the year, if any. A provision is made in these accounts based on the charity's estimate of this liability at the date of approving these accounts.

Tangible fixed assets

- ◆ Furniture and equipment
Expenditure on the purchase and replacement of furniture and equipment costing in excess of £500 is capitalised and depreciated over five years. Where it is associated with maintenance of the premises a longer period may be used but never more than the remaining lease term.
- ◆ Catering equipment
Expenditure on the purchase and replacement of catering equipment is capitalised and depreciated over ten years.
- ◆ IT equipment and software
Expenditure on the purchase and replacement of IT equipment and software costing in excess of £500 is capitalised and depreciated over four years. Until 31 August 2021 a period of three years was used.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Funds

The funds of the school comprise restricted funds which must be applied for specific purposes in accordance with donor's wishes and unrestricted funds which are available for use in furtherance of the school's objectives at the discretion of the governors and trustees.

Pension costs

The charity operates a defined contribution scheme, with Aviva, for teaching staff from 1 January 2021. Contributions in respect of the defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.

The charity also operates a defined contribution scheme, the Peoples Pension, for non-teaching staff. Contributions in respect of the defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.

Principal accounting policies 31 August 2023

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Notes to the accounts 31 August 2023

1. Income from donations

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Donations	6	5	11
Total funds	6	5	11

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Donations	11	—	11
Gift Aid	5	—	5
Total funds	16	—	16

2. Income from school fees and related charges

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Pre-registration fees	31	—	31
Registration fees	233	—	233
School fees	12,122	—	12,122
After School activities	135	—	135
Hire of facilities	77	—	77
Duke of Edinburgh awards scheme	65	—	65
Revision	14	—	14
Exams	84	—	84
Other	282	—	282
2023 Total funds	13,043	—	13,043

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Pre-registration fees	37	—	37
Registration fees	249	—	249
School fees	11,173	—	11,173
After School activities	155	—	155
Hire of facilities	143	—	143
Duke of Edinburgh awards scheme	69	—	69
Revision	7	—	7
Exams	62	—	62
Other	67	—	67
2022 Total funds	11,962	—	11,962

Notes to the accounts 31 August 2023

3. Expenditure on provision of education

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Recruitment costs	116	—	116
Salaries and wages (note 6)	6,785	—	6,785
Other staff costs	322	—	322
Premises	4,678	10	4,688
School management and administration	1,827	—	1,827
Governance costs (note 4)	32	—	32
2023 Total funds	13,760	10	13,770

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Recruitment costs	77	—	77
Salaries and wages (note 6)	5,946	—	5,946
Other staff costs	127	—	127
Premises	4,476	45	4,521
School management and administration	1,414	—	1,414
Governance costs (note 4)	27	—	27
2022 Total funds	12,067	45	12,112

4. Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Legal and professional fees	16	—	16
Auditor's remuneration (including VAT)	—	—	—
Statutory audit services	13	—	13
Other services	3	—	3
2023 Total funds	32	—	32

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Legal and professional fees	17	—	17
Auditor's remuneration (including VAT)	—	—	—
Statutory audit services	10	—	10
2022 Total funds	27	—	27

Notes to the accounts 31 August 2023

5. Net expenditure and net movement in funds

This is stated after charging:

	2023 £'000	2022 £'000
Staff costs (note 6)	6,785	5,946
Depreciation	299	208
Auditor's remuneration		
Statutory audit services	13	10
Other services	3	—
Operating lease commitments	3,208	3,207

6. Staff costs and remuneration of key management personnel

a) Staff costs

	2023 £'000	2022 £'000
Wages and salaries	5,587	4,908
Social security costs	640	557
Pension costs	558	481
	6,785	5,946

b) Staff costs

Staff costs per function were as follows:	2023 £'000	2022 £'000
Teaching	4,711	4,165
Premises	150	154
School management and administration	1,924	1,627
	6,785	5,946

c) Staff numbers

The average number of employees during the year, analysed by function, was:

	Average headcount	Full time equivalent	Average headcount	Full time equivalent
	2023	2023	2022	2022
Teaching Staff	74	73	71	67
Premises	5	4	6	5
School management and administration	42	37	48	37
	121	114	125	109

Notes to the accounts 31 August 2023

6. Staff costs and remuneration of key management personnel (continued)

d) *Higher paid staff*

The number of employees who earned an annualised salary of £60,000 or more (excluding employer pension contributions but including taxable benefits) during the year was as follows:

	2023 No.	2022 No.
£60,001 - £70,000	12	11
£70,001 - £80,000	8	1
£80,001 - £90,000	—	—
£90,001 - £100,000	1	2
£220,001-£230,000	1	1

Pension contributions of £215,659 (2022 - £71,752) were made for the above employees during the period.

e) *Key management personnel*

The key management personnel of the charity in charge of directing and controlling the charity comprise the trustees and the 8 (2022 - 7) members of the senior leadership team. The running and operating of the charity on a day to day basis is delegated to the senior leadership team. The total remuneration (including taxable benefits, employer's pension contributions and employer's national insurance) of the key management personnel for the year was £990,672 (2022 - £752,781). The governors received no remuneration (see note 7).

7. Trustees' and governors' remuneration

No trustee or governor received any remuneration in respect of their services during the year (2022 - none). No trustee or governor received any reimbursement of expenses during the year (2022 - none). Two governors currently have children attending the school (2022 - two).

8. Taxation

Lycée International de Londres is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities. The corporation tax charge in 2022 was in respect to trading activities (the hire of facilities).

	2023 £'000	2022 £'000
Corporation tax		
Current tax on profits for the year	—	12

Notes to the accounts 31 August 2023

9. Tangible fixed assets

	Furniture and equipment £'000	IT equipment and software £'000	Catering equipment £'000	Total £'000
Cost				
At 1 September 2022	1,661	1,615	421	3,697
Additions	77	197	-	274
Disposals	-	(102)	-	(102)
At 31 August 2023	1,738	1,710	421	3,869
Depreciation				
At 1 September 2022	1,475	1,405	271	3,151
Charge for the year	80	177	42	299
Eliminated on disposal	-	(102)	-	(102)
At 31 August 2023	1,555	1,480	313	3,348
Net book values				
At 31 August 2023	183	230	108	521
At 1 September 2022	186	210	150	546

10. Debtors

	2023 £'000	2022 £'000
Fees and charges	10,168	8,991
Prepayments and accrued income	464	386
Sundry debtors	(29)	163
	10,603	9,540

11. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Expense creditors	334	295
Payroll creditors	65	86
Accruals	102	20
Deferred income including fees in advance	14,247	12,274
Other taxation and social security costs	158	137
Other creditors	31	27
	14,937	12,839

Notes to the accounts 31 August 2023

Creditors: amounts falling due within one year (continued)

Included within the above is deferred income, relating to fees received in advance, as set out below:

	2022 £'000	2022 £'000
Deferred income brought forward at 1 September 2022	12,274	11,823
Brought forward funds released in the year	(12,274)	(11,823)
Additional income deferred during the year	14,247	12,274
Deferred income carried forward at 31 August 2023	14,247	12,274

12. Restricted funds

The income funds of the school include restricted funds comprising the following unexpended balances to be applied for specific purposes:

	1 September 2022 £'000	Income £'000	Expenditure £'000	31 August 2023 £'000
Fixed assets	27	—	(5)	22
Restricted donations	—	5	(5)	—

	1 September 2021 £'000	Income £'000	Expenditure £'000	31 August 2022 £'000
Fixed assets	72	—	(45)	27

The fixed asset fund relates to fixed assets donated or cash received to acquire specific fixed assets.

The restricted donations fund relates to a donation received from APLIL, the parents' association, for the improvement of the senior lounge.

13. Analysis of net assets between funds

Fund balances at 31 August 2023 are represented by:

	Unrestricted funds £'000	Restricted funds £'000	31 August 2023 £'000
Tangible fixed assets	499	22	521
Current assets	14,624	—	14,624
Current liabilities	(14,937)	—	(14,937)
Total net assets	186	22	208

Notes to the accounts 31 August 2023

Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted funds £'000	31 August 2022 £'000
Tangible fixed assets	519	27	546
Current assets	13,217	—	13,217
Current liabilities	(12,839)	—	(12,839)
Total net assets	897	27	924

14. Leasing commitments

At 31 August 2023, the school had the following future minimum commitments under non-cancellable operating leases as follows:

	31 August 2023 £'000	31 August 2022 £'000
Land and buildings		
Payments which fall due:		
Within one year	3,200	3,200
One to two years	3,200	3,200
Two to five years	9,600	9,600
Due after five years	73,067	76,267

	31 August 2023 £'000	31 August 2022 £'000
Equipment		
Payments which fall due:		
Within one year	5	7
One to two years	—	5
Due after five years	—	—

15. Related parties

Rent of £3,200,000 (2022 - £3,200,000) was charged under an operating lease by Wembley Education Charitable Trust (WECT), a charity which has a common trustee, Mr A Vaissie, with Lycée International de Londres.

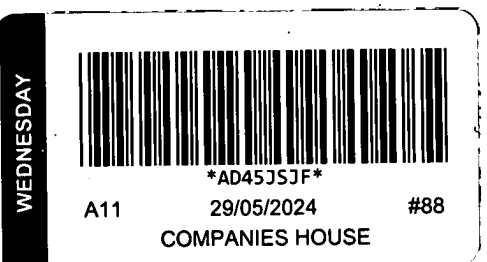
Lycée International de Londres

Annual Report and Financial Statements

31 August 2023

Company Limited by Guarantee
Registration Number
09033139 (England and Wales)

Charity Registration Number 1160719



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Reference and administrative details of the school, its governors and advisers

Governors	Mr A Vaissié (Chair) Mrs J Banks Oughourlian Mr L Bouvard Mrs J Camblin Mr E Caradec Mrs E de Fontaubert Mr K Laurson Mr B Michaud Mr M Penrose
Clerk to the Governors	Ms C Diedreich
Headteacher	Mrs M Rabaté
Address	54 Forty Lane Wembley HA9 9LY
Company registration number	09033139 (England and Wales)
Charity Registration number	1160719
Chief Operating Officer	Dr L Batut
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC 593 - 599 Fulham Road Fulham London SW6 5UA
Solicitors	Stone King LLP 16 St John's Lane London EC1M 4BS

Governors' report 31 August 2023

The governors present their annual report and audited accounts for the year ended 31 August 2023.

The report has been prepared in accordance with Part 8 the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

GOVERNANCE, STRUCTURE AND MANAGEMENT

Governance

The charitable company, which is governed by a memorandum and articles of association, was incorporated as a company on 9 May 2014 and registered as a charity on 2 March 2015.

Governors

The governors who served during the year and up to the date of signing the accounts were as follows:

Mrs J Banks Oughourlian*	
Mr L Bouvard*	
Mrs J Camblin	
Mr E Caradec	
Mrs E de Fontaubert	
Mr K Laurson*	
Mr B Michaud	
Mr M Penrose	
Mr A Vaissié	

*Member of Finance Committee

No governor or person connected with a governor received any benefit from either means tested bursaries or scholarships awarded to our pupils.

Governors' responsibilities statement

The governors are required to prepare a trustees' report and accounts for each financial year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) that give a true and fair view of the state of affairs of the school and of its incoming resources and application of resources for the year. In preparing accounts giving a true and fair view, the governors should follow best practice and:

- ◆ select suitable accounting policies and then apply them consistently;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Governors' responsibilities statement (continued)

- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the school. They also have responsibility for safeguarding the assets of the school and for taking reasonable steps to prevent and detect fraud and other irregularities.

Recruitment and training of governors

All governors have been allocated areas of responsibility, which, where possible, are in accordance with their skills and experience. Stone King refreshed and updated training for the governors to ensure the roles and responsibilities of the governors were understood in February and March 2018. In addition, all governors are invited to attend regular safeguarding training to help increase the understanding and awareness of safeguarding practices in a school setting. The most recent safeguarding training for governors was in December 2023 and January 2024. The Governors attended training in strategic planning in September 2019. They are also provided with information about additional training opportunities as information becomes available.

Key management personnel

The governors consider that they, together with the Senior Leadership Team comprise the key management of the charity¹ and are in charge of directing and controlling it. The Senior Leadership Team is responsible for running and operating the charity on a day-to-day basis.

Remuneration for members of the Senior Leadership Team is set based on the competitive market rate for comparative roles requiring a similar skill set and experience in order for the individual to be successful. Salaries are reviewed annually by the governors in line with the policies of the School and the contracts of employment.

Organisational management

The details of the current governors and directors, and those who held office during the year are set out on page two.

The directors, who are the Charity Trustees for the purposes of the Charities Act 2011, oversee the operations of the Charity. Full-time paid employees undertake the day-to-day management of the School. The Board of Governors meets on average once every two months or twice per school term to discuss the affairs of the Charity as a whole.

¹ Head of School, Chief Operating Officer, Heads of the Primary and Secondary Sections, Head of Pastoral and Students' Services and Heads of Careers.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Organisational management (continued)

Each key operational aspect of the school is managed through sub-committees whose members include various Board members and members of the School's operational management team. These sub-committees cover areas such as curriculum, finance, communications, HR, health and safety, safeguarding, and governance. Wherever possible, the specialisms of the individual governors are utilised in determining the composition of the various committees.

Governors' indemnities

The Charity has purchased a professional indemnity policy to protect the governors from loss arising from neglect or defaults of the governors. This was purchased as part of an insurance package.

Connected charities

Mr A. Vaissié is also a trustee of Wembley Education Charitable Trust (WECT), the landlord under a lease for the premises at 54 Forty Lane, Wembley, Middlesex, HA9 9LY between WECT and the Charity.

Risk management

The governors have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Along with all of its policies and procedures, the Charity reviews its procedures regularly to ensure compliance and that significant risks are monitored and controlled.

The key controls used by the Charity include detailed budget preparation and monitoring, the implementation of a logical and consistent organisation structure with clear reporting lines, clear authorisation and approval levels and, as and when necessary, the employment of external professional advisers.

A risk management plan has been created in order to ensure the governors are aware of the significant risks, how they are controlled and the extent to which a residual risk remains.

International crises and the overall economic context triggered a period of high inflation, more specifically those relating to energy and food, of which the consequences were felt again throughout this accounting year, even though inflation had started to ease. The governors recognise their responsibility for the management of risks faced by the Charity. Over and above these, the areas identified for particular attention within our risk management strategy are:

Loss of key team members

The potential loss of key team members on both the academic and administrative sides of the School operations is managed by ensuring that School policies on pay, benefits and development opportunities are competitive as well as ensuring working conditions and the environment are attractive in order to retain team members. In addition, continuity planning is in place to ensure that knowledge is shared and team members are developed and promoted from within wherever possible.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

Competition in the sector

Increased competition in the sector, and the comparative school fee rate versus the competition could lead to difficulties in enrolling sufficient students to maintain the operating expenses of the school, by ensuring that the ethos of the School is unique, education, is of a high standard and appealing to a diverse range of people. Fee levels are decided based on numerous considerations, including the financial requirements of the School, anticipated admissions and the competitive market place.

Continued Impact of Brexit

Brexit reduced the number of French and French-speaking families relocating to London, and the introduction of visas for all non-British nationals, has had an impact on staff costs and attractiveness, particularly for staff from EU member-states. The School ensures that the education provided is appealing to a broad range of families and is unique in comparison to other offerings in London. The Board ensures a strategy is in place to market the School effectively and makes a conscious effort to understand the profile and requirements of the potential families that would consider enrolling. It is the reason why the School:

- introduced an English International Programme from September 2018 which prepares students for the International Baccalaureate Diploma Programme (IBDP) and is now an accredited IB World School. IB World Schools share a common philosophy - a commitment to high quality, challenging, international education - that we believe is important to our students. For further information about the IB and its programmes, visit www.ibo.org.
- opened an Early Years Foundation Stage to children in pre-reception and reception in September 2020. Each class has a French and an English-speaking teacher, encouraging bilingualism from the beginning of their education.
- Obtained a CIS (Council of International Schools) accreditation in December 2022.

Safeguarding, Health and safety (H&S),

Failing to ensure the safety of the students, staff and all members of the school community would undermine the quality of the School and jeopardise its reputation in the community. Rigorous policies and procedures and staff training are in place to ensure that health and safety and safeguarding arrangements are of the highest standards and the Board audits these standards and their implementation regularly through the use of its dedicated sub-committees.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Principal charitable objects

Through a rigorous, bilingual programme and innovative methods, we educate pupils to become responsible, creative and principled global citizens. We teach them to think critically and act ethically, to form and express their own opinions and respect those of others, to define their own life goals and to make sense of and embrace change.

Fundraising

The School does not actively fundraise as the majority of income is from fees received, although occasional donations are received. The school has received no complaints in respect of fundraising.

Modern learning, timeless values

The primary objective of the entire Lycée International Winston Churchill teaching community is to contribute to the intellectual development and personal fulfilment of each and every pupil.

We develop the intellect and character of our pupils to enable them to take on the challenges of the world.

Capable of thinking for themselves and expressing their opinions with confidence, our pupils thrive in a bilingual and international environment, underpinned by excellence and a dynamic flow of pedagogical innovation.

Integrity, courage and respect are the core values we encourage them to develop, with the aim, ultimately, that they become true 'global citizens'.

Excellence

Each student is entitled to the best possible education according to their needs, with the goal of achieving excellence in both intellectual and social endeavours. We believe that learning should be a fulfilling experience, and that school should be a place fostering joy, creative thinking and openness. Our school encourages individual and collective initiatives. We want our children to think positively about themselves and to recognise and value their own talents and those of others.

Creativity

It is our firm belief that learning can take multiple forms, and therefore is enhanced by diverse approaches as well as the responsible use of technology. We encourage our teachers to think and teach creatively, to use a variety of methods, from lectures to project-based, hands-on sessions, from books to digital resources and blended learning. We expect them to develop innovative lesson plans in order to help each student discover his or her own learning style, talents and potential. We encourage them to discover and understand the digital world and make the best use of it.

Integrity

We believe that honesty is of paramount importance in character building. We encourage students to embrace challenges and welcome hurdles in every part of their lives. We ask them to own their mistakes and learn from them.

Community

We encourage teamwork and foster a sense of community and solidarity within and outside the School, from positive collaboration and healthy competition in the classroom to volunteering and community involvement both locally and globally. We look forward to support and collaboration from parents, which in turn we offer to families.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Awareness

We welcome students, families and employees from all backgrounds and cultures. We respect and celebrate their identity, lifestyles, preferences and individual differences. We expect every member of our community, children and adults, to do the same.

Public benefit

Lycée International de Londres, as a registered charity, is committed to providing public benefit to both the local community in Wembley and to the students' community that benefits from receiving the education it has to offer.

The School aims to engage with the local community through the hiring of its facilities to local clubs or individuals at reduced rates, and by also supporting local government bodies such as Brent Council, to make the facilities available for events such as local election polling, if needed. The school welcomes the Brent Police cadets to its facilities for their weekly training sessions. Brent Music Services uses the school for rehearsals two nights a week. In July 2023 the school hosted the DSL conference for Brent and welcomed Buxlow Preparatory School pupils for various events.

Through the School, students participate in the Duke of Edinburgh Award Scheme. During the year to 31 August 2023 the participants donated 3,029 hours of voluntary service to the local community. The social value of these hours is £14,568.

The School would like to ensure that individuals of diverse economic backgrounds have the opportunity to benefit from the education it provides. As a French-accredited school, Lycée international de Londres contributes 2% of its tuition income to the *Agence pour l'enseignement français à l'étranger* (AEFE) and all French students at the School can apply to the AEFE means-tested bursaries programme. Since September 2022 the school introduced a means-tested bursary scheme to compliment the AEFE scheme and further its goal.

The French Scholarship Foundation, which is a registered charity, also offers means-tested financial support to students in the School.

As a registered charity and a company limited by guarantee, with no external shareholders, any surpluses created from the operation of the school are reinvested in the education of the students and the maintenance of its equipment and premises. This allows the fees charged by the school to be remain as affordable as possible to as many families as possible.

The trustees have due regard to the Charity Commission's guidance on public benefit.

Objectives for the year

Following the challenges of Brexit, Covid and the cost-of-living crisis, the School's focus continues to be growing our student numbers. We are exploring new ways to bring the school to the attention of families who are looking for an international education using modern teaching techniques. The objectives of Lycée International de Londres remain consistent with those at the point of the School being established in September 2015, and the vision to create the School which began some years before. The School endeavours to create a nurturing and vibrant environment where students and adults thrive, sharing the joys of teaching and learning. In June 2023 the school had a successful Independent School Inspectorate (ISI) compliance inspection.

Rooted in the tradition of educational excellence, and aiming to offer the most modern pedagogical approaches, our ethos reflects our commitment to foster the development of the whole child along with collective achievement through mutual respect and dedication.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Objectives for the year (continued)

An enriching extra-curricular programme enables students to participate in activities that challenge them both intellectually and physically. Opening Minds classes allow Secondary students of all year groups (whether they are in the *Baccalauréat français* section or the English International Programme/IBDP) to explore new areas not traditionally taught in secondary schools. The Service Learning Programme, part of the School's wider Global Travel Programme, offers life-enriching experiences for students of all ages to explore different cultures and environments that exist in less fortunate conditions than those they are familiar with, and enables them to give back and enrich the lives of others through their service. These activities were curtailed for the period of the pandemic. International trips have resumed in 2022-2023 with a European focus to recognise the issues surrounding sustainability.

Strategies to achieve the objectives for the year

In order to fulfil the potential of the School and the aims highlighted above, a highly talented and dedicated team of experienced educational professionals has been assembled. These individuals are empowered to push the boundaries of traditional education and engage students in a modern environment equipped with the latest educational technology and equipment.

The facilities and learning environment remain exceptional. Classrooms contain digital projection facilities and Apple TVs for connecting to the iPads which are provided individually to all teachers and secondary school students. In October 2022 the school became an Apple Distinguished School, one of only 689 in the world. High quality WiFi is available across the school buildings and digital conferencing facilities are available in a number of areas.

The school canteen is fitted out to hospitality standards and is operated by a specialist caterer.

The Global Travel Programme resumed in 2022-2023 and is managed by an experienced educator who works with reputable providers. Destinations are selected based on the experience and knowledge of the trip leaders, whilst providing exceptional opportunities for the students to learn about new cultures, environments and develop their language skills as well other social skills. Sustainability is an important factor when selecting potential destinations. Time dedicated to planning and arranging trips is within the job description of the coordinator who is supported by the School's Leadership Team in regular planning sessions.

Principal developments in the year

In its eighth year, the average number of students was 830. The students came from 570 families from all over the world.

37 new members of staff joined the School during 2022-2023, 57% of whom are international and 40% (of all new members of staff) were new to London. The staff were inducted into the policies and procedures of the school and received safeguarding training. Staff well-being has remained one of the corner stones of our HR policies and our staff well-being champions have supported all staff members when the need arose.

The Early Years Foundation Stage has been steadily growing in numbers since its inception in 2020 enabling more students to benefit from our unique Early Years dual language immersion programme from the age of three, guided by two teachers who each use their mother tongue alongside each other in a warm, family-like setting. This setup creates the ideal conditions for bilingualism to flourish naturally in a safe and nurturing environment.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES (continued)

Scholarship and bursary policy

Following plans and provision made in the previous year a means-tested bursary scheme funded by the school was introduced in September 2022. The School is committed to enabling as many individuals as possible who would benefit from the education it provides to be able to access it. The introduction of the scheme will be phased and aligned with the resources that the School has available to dedicate to it as the school establishes itself further and grows.

In addition to the above, Lycée International de Londres Winston Churchill is accredited by the French *Ministère de l'Education Nationale* which enables it to participate in the national French bursary scheme administered by the Consulate. The School currently contributes 2% of its tuition revenues annually as part of this accreditation. This forms part of the funds distributed to families requiring financial support enabling them to receive a French education across the world.

The French Scholarship Foundation (FSF) offers financial assistance to families with pupils at Lycée International de Londres Winston Churchill and at *Collège français bilingue de Londres* (CFBL). Families from both schools, with financial needs, may submit an online application. FSF handles all applications in an impartial and confidential manner in accordance with the financial assistance policy on the FSF website.

Community access

Engaging with the local community is something the School is dedicated to doing. Relationships with local council members are strong and there has been positive work with regards to the improvements in road safety around the School. Several initiatives have been undertaken with local schools and we plan to develop these relationships further over the coming twelve months. The School also remains committed to opening up the use of its facilities to local organisations that would benefit from the spaces it has to offer and its Community Access Plan has been linked to the Brent Council website to facilitate this.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the school

The eighth year of operation for the School, like the first seven, was extremely positive. Enrolment remained in line with expectations throughout the year and averaged 830 full-time equivalent students. 827 students are registered and committed to attending the School for its ninth year of operation, 2023-2024.

The School's website is an important source of information for prospective families and the design and content are frequently enhanced during the year to reflect this. The portals used to distribute information to families, staff and governors continue to be enriched.

The School's staff is in line with student numbers. All are passionate about education and their skills, dedication and enthusiasm support the students. The Opening Minds classes continue to flourish and augment the curriculum. The After School Programme (ASP) offers new opportunities for all students to engage in various age-appropriate activities from music to volley ball. The *Garderie* (after school day care) remains strong and offered care to a increasing number of students as the Primary Section grows year on year.

In November 2022 the school was honoured to receive the ISA (Independent School Association) Senior School of the Year Award, a distinction that recognises excellence in students' academic as well as personal development.

The *Terminale* students achieved excellent results in the *Baccalauréat* in June. The pass rate was 100%; 95% with "mentions"; 24% with "bien" and 47% "très bien".

For the third time International Baccalaureate students graduated. 100% of our students passed, 40% of them exceeded the UK average, and 25% received a mark above 40.

The Careers Department worked diligently with all senior students, to help them think strategically about their future and support their applications to universities in the UK and all around the world.

Within the Class of 2023, 55% of students are attending U.K. universities, of which 65% are part of the Russell Group universities. 29% are attending Higher Education institutions in France, of which 4% are *Classes préparatoires au Grandes Écoles*. 8% are attending universities in Canada and the U.S. We also have 3% of students attending universities in Italy and Spain. Lastly, 4% are taking a Gap Year or completing a Degree Apprenticeship.

FINANCIAL REVIEW

Results for the year

A summary of the results for the year is shown on page 17 of this report and accounts.

The total income for the year ended 31 August 2023 amounted to £13,076,000 (2022 – £11,978,000). This includes donations of £11,000 of which £6,000 was unrestricted (2022 – £16,000 unrestricted). The majority of other income was obtained from the pre-registration, registration and school fees.

During the year ended 31 August 2023 total expenditure of £13,761,000 (2022 – £12,124,000) was incurred.

The deficit of income versus expenditure for the year was £685,000 (2022 – deficit of £146,000). Prior to depreciation being charged to the accounts the deficit of expenses against income was £386,000 (2022 – £62,000 surplus). High level of inflation caused this deficit as well as an overall increase in staff cost. It is worth noticing that the deficit before depreciation was lower than forecast in the initial budget thanks to an increase in admissions throughout the year.

Reserves policy and financial position

The cash position of the school is strong and, while the aim of the School is to build up a financial reserve equating to three months of expenditure, it is protected by the cash balance. Beyond this level, the investment of any surplus reserves will be at the discretion of the Board of Governors but shall not include the drawing or distribution of any funds from the Charity. Assets purchased or invested in shall be considered and appraised in terms of conversion back in to cash should there be a requirement at any point.

At 31 August 2023 the School's free reserves (unrestricted funds not tied up in fixed assets) were in deficit by £273,000 (2022 – surplus of £376,000). Although the free reserves are too low, the cash position remains positive and gives the School confidence that this level can be improved in the coming years.

In the absence of the three months' expenditure at this point, the Finance Committee will continue to closely monitor the cash flow forecast and monthly cash position of the School to ensure that positive cash flows through early tuition fee collection are sufficient to outweigh any unexpected costs.

The Finance Committee meets regularly in order to review this matter and put in place any measures, such as expenditure caps, should they be deemed necessary. In particular, at the current time, the reserves need to be sufficient to enable the Charity to operate in the current economic environment.

Longer term strategic plans are in place to ensure that the financial stability of the School is maintained as the number of pupils, revenue and the cost base are expected to grow significantly over the next 8-10 years.

The future reserves policy of the School states that any financial reserves generated are reinvested into the education programme, or the protection of the future financial success of the School through the investment in assets convertible into resources should they be needed at any point. No dividends or distributions are made by the School to any individuals or other organisations.

Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

Despite the total free reserves carried forward as at 31 August 2023 being in a deficit position of £273,000, the budget scenarios show that the school can recover its reserves position over the next 6 years. Throughout the year, the School maintained a healthy cash balance and will maintain a positive cash balance in the coming years.

The governors do, however, recognise that there are a number of challenges in achieving this recovery in the short term, particularly given the more recent cost pressures resulting from high and fluctuating rates of inflation, and uncertainties which exist around the possible change of the tax status of independent schools in England.

Whilst the degree of uncertainty described above warrants transparent disclosure, the trustees have concluded that it does not constitute a material uncertainty related to going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Therefore the financial statements of Lycée International de Londres for the year ended 31 August 2023, have been prepared on the going concern basis.

FUTURE PLANS

Despite the current economic and political environment, student enrolment in September 2023 was in line with, in fact slightly over, budget and is expected to remain stable over the next five years.

Demand for places in the Early Years Foundation Stage has increased and the School has expanded its capacity in the area. These children are taught in French and English simultaneously, creating a strong base to support bilingual education throughout the School. All year groups to *Terminale*/Year 13 have been fully operational since September 2020. Demand for places in the English International Programme has increased steadily so that it now represents 18% of students in the Secondary section.

The School met the challenge of an unprecedented period of high inflation. The School's resilience was tested once again as the job market is becoming increasingly competitive and pressures to raise salaries mounted. The School responded well to the cost-of-living crisis and maintained a constructive dialogue with families resulting in healthy admission levels. The governors acknowledge and recognise the potential impact of this new crisis on the future operations of the Charity, its beneficiaries, partners and stakeholders and on wider society. As inflation started to ease, the pressure on expenses remained high. Although there can be some expenditure savings, some items, such as food, utilities and maintenance cost more. Economic pressures will remain strong and will impact the capacity of families to pay higher tuition fees. However the Governors do not anticipate the financial position of the charity to be adversely impacted or its solvency threatened.

In so far as the governors are aware at the time of approving our governors' annual report:

- ◆ There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Charity's auditor is unaware; and
- ◆ The governors, having made enquiries of fellow governors, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of all of that information.

Approved by the governors and signed on their behalf by:



K Laurson

Approved on:

22/05/2024

Independent auditor's report 31 August 2023

Independent auditor's report to the members of Lycée International de Londres

Opinion

We have audited the financial statements of Lycée International de Londres (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. 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.

Independent auditor's report 31 August 2023

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the 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.

Independent auditor's report 31 August 2023

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, the Companies Act 2006, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Health and Safety Regulations, Data Protection and Safeguarding; and
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, inspecting legal correspondence and reviewing trustee meeting minutes.

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

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ reviewed journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;

Independent auditor's report 31 August 2023

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of trustee meetings;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the Charity Commission.

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 23/05/2024

Statement of financial activities
(including the income and expenditure account)
Year ended 31 August 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	2023 £'000	2022 £'000
Income and expenditure					
Income from:					
Donations	1	6	5	11	16
Charitable activities					
School fees and related charges	2	13,043	—	13,043	11,962
Total income		13,049	5	13,054	11,978
Expenditure on:					
Charitable activities					
Provision of education	3	13,760	10	13,770	12,112
Corporation tax	8	—	—	—	12
Total expenditure		13,760	10	13,770	12,124
Net (expenditure) income and net movement in funds	5	(711)	(5)	(716)	(146)
Reconciliation of funds:					
Balances brought forward at 1 September 2022		897	27	924	1,070
Balances carried forward at 31 August 2023		186	22	208	924

All of the school's activities derived from continuing operations during the above period.

All recognised gains and losses are included in the above statement of financial activities.

Balance sheet 31 August 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible assets	9		521		546
Current assets					
Debtors	10	10,603		9,540	
Cash at bank and in hand		4,021		3,677	
		14,624		13,217	
Liabilities					
Creditors: amounts falling due within one year	11	(14,937)		(12,839)	
Net current assets			(313)		378
Total net assets			208		924
The funds of the charity:					
Funds and reserves					
Restricted funds	12		22		27
Unrestricted funds			186		897
	13		208		924

Approved by the governors on 22/05/2024

and signed on their behalf by



K Laurson

Company registration number: 09033139 (England and Wales)

Statement of cash flows 31 August 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	618	(215)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(274)	(161)
Net cash (used in) investing activities		(274)	(161)
Change in cash and cash equivalents in the year		344	(376)
Cash and cash equivalents at 1 September 2022	B	3,677	4,053
Cash and cash equivalents at 31 August 2023	B	4,021	3,677

Notes to the statement of cash flows for the year to 31 August 2023

A. Reconciliation of net movement in funds to net cash provided by operating activities

	2023 £'000	2022 £'000
Net movement in funds (as per the statement of financial activities)	(716)	(146)
Adjustments for:		
Depreciation charge	299	208
(Increase) in debtors	(1,063)	(842)
Increase in creditors	2,098	565
Net cash provided by (used in) operating activities	618	(215)

B. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	4,021	3,677
Total cash and cash equivalents	4,021	3,677

C. Analysis of changes in net debt

	At 1 September 2022 £'000	Cash flows £'000	At 31 August 2023 £'000
Cash	3,677	344	4,021

Principal accounting policies 31 August 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 August 2023 with comparative information provided in respect to the year ended 31 August 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102 (second edition)) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the rate of depreciation;
- ◆ estimating the provision for doubtful debts; and
- ◆ estimating future inflows and outflows for assessing going concern.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

Despite the total free reserves carried forward as at 31 August 2023 being in a deficit position of £273,000, the budget scenarios show that the school can recover its reserves position over the next 6 years. Throughout the year, the School maintained a healthy cash balance and will maintain a positive cash balance in the coming years.

The governors do, however, recognise that there are a number of challenges in achieving this recovery in the short term, particularly given the more recent cost pressures resulting from high and fluctuating rates of inflation, and uncertainties which exist around the possible change of the tax status of independent schools in England.

Whilst the degree of uncertainty described above warrants transparent disclosure, the trustees have concluded that it does not constitute a material uncertainty related to going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Therefore the financial statements of Lycée International de Londres for the year ended 31 August 2023, have been prepared on the going concern basis.

Principal accounting policies 31 August 2023

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, school fees and related charges.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Donated equipment and facilities provided to the charity are recognised in the period when it is probable that the economic benefits will flow to the charity, provided they can be measured reliably. This is normally when the equipment is provided/the facilities are used by the charity. An equivalent amount is included in fixed assets or as expenditure.

Donated equipment and facilities are recognised based on the value of the gift to the charity, which is the amount the charity would have been willing to pay to obtain facilities or services of equivalent economic benefit on the open market.

School fees and other charges are credited to the statement of financial activities on a receivable basis with fees raised at the beginning of the financial year and deferred until earned. Fees are stated net of bursaries, scholarships and discounts.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT.

Charitable expenditure comprises expenditure incurred in carrying out the school's main activity of the provision of education and comprises:

- ◆ Teaching costs – the cost of teaching and support staff salaries, including pension and national insurance costs, books and other tuition expenses, and the cost of games and activities.
- ◆ Welfare costs – all domestic costs associated with the school, including employment costs, consumables and catering costs.
- ◆ Premises costs – all domestic costs associated with the premises, grounds and estates.
- ◆ School management and administration – the costs of general administration and management of the school.
- ◆ Governance costs include costs which are directly attributable to legal procedures necessary for compliance with statutory requirements.

Principal accounting policies 31 August 2023

Taxation

UK corporation tax is payable on the charity's taxable profits for the year, if any. A provision is made in these accounts based on the charity's estimate of this liability at the date of approving these accounts.

Tangible fixed assets

- ◆ Furniture and equipment
Expenditure on the purchase and replacement of furniture and equipment costing in excess of £500 is capitalised and depreciated over five years. Where it is associated with maintenance of the premises a longer period may be used but never more than the remaining lease term.
- ◆ Catering equipment
Expenditure on the purchase and replacement of catering equipment is capitalised and depreciated over ten years.
- ◆ IT equipment and software
Expenditure on the purchase and replacement of IT equipment and software costing in excess of £500 is capitalised and depreciated over four years. Until 31 August 2021 a period of three years was used.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Funds

The funds of the school comprise restricted funds which must be applied for specific purposes in accordance with donor's wishes and unrestricted funds which are available for use in furtherance of the school's objectives at the discretion of the governors and trustees.

Pension costs

The charity operates a defined contribution scheme, with Aviva, for teaching staff from 1 January 2021. Contributions in respect of the defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.

The charity also operates a defined contribution scheme, the Peoples Pension, for non-teaching staff. Contributions in respect of the defined contribution scheme are charged to the statement of financial activities when they are payable to the scheme. The charity has no liability beyond making its contributions and paying across the deductions for the employee contributions.

Principal accounting policies 31 August 2023

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

Notes to the accounts 31 August 2023

1. Income from donations

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Donations	6	5	11
Total funds	6	5	11

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Donations	11	—	11
Gift Aid	5	—	5
Total funds	16	—	16

2. Income from school fees and related charges

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Pre-registration fees	31	—	31
Registration fees	233	—	233
School fees	12,122	—	12,122
After School activities	135	—	135
Hire of facilities	77	—	77
Duke of Edinburgh awards scheme	65	—	65
Revision	14	—	14
Exams	84	—	84
Other	282	—	282
2023 Total funds	13,043	—	13,043

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Pre-registration fees	37	—	37
Registration fees	249	—	249
School fees	11,173	—	11,173
After School activities	155	—	155
Hire of facilities	143	—	143
Duke of Edinburgh awards scheme	69	—	69
Revision	7	—	7
Exams	62	—	62
Other	67	—	67
2022 Total funds	11,962	—	11,962

Notes to the accounts 31 August 2023

3. Expenditure on provision of education

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Recruitment costs	116	—	116
Salaries and wages (note 6)	6,785	—	6,785
Other staff costs	322	—	322
Premises	4,678	10	4,688
School management and administration	1,827	—	1,827
Governance costs (note 4)	32	—	32
2023 Total funds	13,760	10	13,770

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Recruitment costs	77	—	77
Salaries and wages (note 6)	5,946	—	5,946
Other staff costs	127	—	127
Premises	4,476	45	4,521
School management and administration	1,414	—	1,414
Governance costs (note 4)	27	—	27
2022 Total funds	12,067	45	12,112

4. Governance costs

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000
Legal and professional fees	16	—	16
Auditor's remuneration (including VAT)	—	—	—
Statutory audit services	13	—	13
Other services	3	—	3
2023 Total funds	32	—	32

	Unrestricted funds £'000	Restricted funds £'000	2022 £'000
Legal and professional fees	17	—	17
Auditor's remuneration (including VAT)	—	—	—
Statutory audit services	10	—	10
2022 Total funds	27	—	27

Notes to the accounts 31 August 2023

5. Net expenditure and net movement in funds

This is stated after charging:

	2023 £'000	2022 £'000
Staff costs (note 6)	6,785	5,946
Depreciation	299	208
Auditor's remuneration		
Statutory audit services	13	10
Other services	3	—
Operating lease commitments	3,208	3,207

6. Staff costs and remuneration of key management personnel

a) Staff costs

	2023 £'000	2022 £'000
Wages and salaries	5,587	4,908
Social security costs	640	557
Pension costs	558	481
	6,785	5,946

b) Staff costs

Staff costs per function were as follows:	2023 £'000	2022 £'000
Teaching	4,711	4,165
Premises	150	154
School management and administration	1,924	1,627
	6,785	5,946

c) Staff numbers

The average number of employees during the year, analysed by function, was:

	Average headcount	Full time equivalent	Average headcount	Full time equivalent
	2023	2023	2022	2022
Teaching Staff	74	73	71	67
Premises	5	4	6	5
School management and administration	42	37	48	37
	121	114	125	109

Notes to the accounts 31 August 2023

6. Staff costs and remuneration of key management personnel (continued)

d) *Higher paid staff*

The number of employees who earned an annualised salary of £60,000 or more (excluding employer pension contributions but including taxable benefits) during the year was as follows:

	2023 No.	2022 No.
£60,001 - £70,000	12	11
£70,001 - £80,000	8	1
£80,001 - £90,000	—	—
£90,001 - £100,000	1	2
£220,001-£230,000	1	1

Pension contributions of £215,659 (2022 - £71,752) were made for the above employees during the period.

e) *Key management personnel*

The key management personnel of the charity in charge of directing and controlling the charity comprise the trustees and the 8 (2022 - 7) members of the senior leadership team. The running and operating of the charity on a day to day basis is delegated to the senior leadership team. The total remuneration (including taxable benefits, employer's pension contributions and employer's national insurance) of the key management personnel for the year was £990,672 (2022 - £752,781). The governors received no remuneration (see note 7).

7. Trustees' and governors' remuneration

No trustee or governor received any remuneration in respect of their services during the year (2022 - none). No trustee or governor received any reimbursement of expenses during the year (2022 - none). Two governors currently have children attending the school (2022 - two).

8. Taxation

Lycée International de Londres is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities. The corporation tax charge in 2022 was in respect to trading activities (the hire of facilities).

	2023 £'000	2022 £'000
Corporation tax		
Current tax on profits for the year	—	12

Notes to the accounts 31 August 2023

9. Tangible fixed assets

	Furniture and equipment £'000	IT equipment and software £'000	Catering equipment £'000	Total £'000
Cost				
At 1 September 2022	1,661	1,615	421	3,697
Additions	77	197	-	274
Disposals	-	(102)	-	(102)
At 31 August 2023	1,738	1,710	421	3,869
Depreciation				
At 1 September 2022	1,475	1,405	271	3,151
Charge for the year	80	177	42	299
Eliminated on disposal	-	(102)	-	(102)
At 31 August 2023	1,555	1,480	313	3,348
Net book values				
At 31 August 2023	183	230	108	521
At 1 September 2022	186	210	150	546

10. Debtors

	2023 £'000	2022 £'000
Fees and charges	10,168	8,991
Prepayments and accrued income	464	386
Sundry debtors	(29)	163
	10,603	9,540

11. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Expense creditors	334	295
Payroll creditors	65	86
Accruals	102	20
Deferred income including fees in advance	14,247	12,274
Other taxation and social security costs	158	137
Other creditors	31	27
	14,937	12,839

Notes to the accounts 31 August 2023

Creditors: amounts falling due within one year (continued)

Included within the above is deferred income, relating to fees received in advance, as set out below:

	2022 £'000	2022 £'000
Deferred income brought forward at 1 September 2022	12,274	11,823
Brought forward funds released in the year	(12,274)	(11,823)
Additional income deferred during the year	14,247	12,274
Deferred income carried forward at 31 August 2023	14,247	12,274

12. Restricted funds

The income funds of the school include restricted funds comprising the following unexpended balances to be applied for specific purposes:

	1 September 2022 £'000	Income £'000	Expenditure £'000	31 August 2023 £'000
Fixed assets	27	—	(5)	22
Restricted donations	—	5	(5)	—

	1 September 2021 £'000	Income £'000	Expenditure £'000	31 August 2022 £'000
Fixed assets	72	—	(45)	27

The fixed asset fund relates to fixed assets donated or cash received to acquire specific fixed assets.

The restricted donations fund relates to a donation received from APLIL, the parents' association, for the improvement of the senior lounge.

13. Analysis of net assets between funds

Fund balances at 31 August 2023 are represented by:

	Unrestricted funds £'000	Restricted funds £'000	31 August 2023 £'000
Tangible fixed assets	499	22	521
Current assets	14,624	—	14,624
Current liabilities	(14,937)	—	(14,937)
Total net assets	186	22	208

Notes to the accounts 31 August 2023

Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted funds £'000	31 August 2022 £'000
Tangible fixed assets	519	27	546
Current assets	13,217	—	13,217
Current liabilities	(12,839)	—	(12,839)
Total net assets	897	27	924

14. Leasing commitments

At 31 August 2023, the school had the following future minimum commitments under non-cancellable operating leases as follows:

	31 August 2023 £'000	31 August 2022 £'000
Land and buildings		
Payments which fall due:		
Within one year	3,200	3,200
One to two years	3,200	3,200
Two to five years	9,600	9,600
Due after five years	73,067	76,267

	31 August 2023 £'000	31 August 2022 £'000
Equipment		
Payments which fall due:		
Within one year	5	7
One to two years	—	5
Due after five years	—	—

15. Related parties

Rent of £3,200,000 (2022 - £3,200,000) was charged under an operating lease by Wembley Education Charitable Trust (WECT), a charity which has a common trustee, Mr A Vaissie, with Lycée International de Londres.

The Trustees
Lycée International de Londres
54 Forty Lane
Wembley
HA9 9LY

17 May 2024

Our ref LYC001/CHB/FD

Dear Trustees

Post-Audit Report – Year ended 31 August 2023

The purpose of this letter is to bring to the attention of the Board as those charged with governance the findings from our recent audit of the financial statements of Lycée International de Londres, for the year ended 31 August 2023, for your consideration and to enable you to address matters arising where appropriate. Throughout this letter, “you” and “your” refer to the Board. “We” and “our” refer to Buzzacott LLP. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 August 2023 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 7 November 2023.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

2. Audit progress

There were delays in receiving information required for the audit, with draft accounts including disclosures notes only being received on 12 December, whereas per the planning letter we expected to receive this information on 1 December 2023.

In addition, at the point of initial drafting this management report, we had yet to receive the trustees' assessment of going concern and as such are unable to conclude on whether the going concern basis of preparing the accounts is appropriate. This is of particular importance given that as at 31 August 2023, the charity has negative free reserves and is in a net current liability position.

We were also awaiting an updated bad debt provision breakdown to reflect amounts that should be written-off due to being irrecoverable, as well as awaiting an updated version of the trustees report and a set of financial statements which includes all disclosures (e.g. key management personnel remuneration).

However, we would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Ms Min Zhu and Mr Laurent Batut.

3. Annual report and financial statements' format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

4. Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we intend to issue an unqualified opinion in our auditor's report. The wording of our auditor's report is unchanged from last year.

5. Adjustments made during the audit

A list of the adjustments which have been made to the figures presented to us for audit is attached as Appendix A. These have all been discussed and agreed with Min Zhu.

We will obtain written representations from you, as trustees, that you concur with these adjustments.

6. Unadjusted misstatements

A list of misstatements identified during our audit which remain unadjusted is attached in Appendix A. The list does not include items which are considered to be clearly trivial. We will obtain written representation from you,

as trustees, that these are not to be adjusted, due to their lack of significance to the overall result portrayed by the financial statements.

7. Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

However, we wanted to draw your attention to the bad debt provision. As detailed in Appendix A, we have raised an adjustment to write-off amount relating to historic aged debt from the debtors listing and bad debt provision breakdown. From our debtors work performed, we did not identify any further amounts requiring a provision, however from our testing of the provided amounts we noted one amount of £11k which had been provided for but then subsequently recovered. We are satisfied that the bad debt provision at the year end is materially correct, however we recommend that the provision is kept under review to ensure amounts provided for are appropriate.

8. Letter of representation

We enclose the draft letter of representation which we will request management and the trustees to approve and sign at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 August 2023.

- Trustees exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If the above information is no longer correct, please contact Catherine Biscoe or Freya Diffey.

9. Accounting and internal control systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 August 2023.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit. However, we have made some recommendations for improvements, which are detailed in the section below.

10. Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the charity's accounting and internal control systems.

Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the charity that must be addressed immediately.

"B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the charity, such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
A	1	Doubtful debts
B	3	Credit card authorisation Online banking access Declarations of interest
C	1	Credit cards
Advisory	2	Cyber essentials accreditation Disaster recovery plan

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix B.

The matters have all been discussed with Min Zhu and Laurent Batut, who have appropriate management authority.

11. Prior year observation

We are pleased to report that the following observations made last year have been satisfactorily dealt with:

Priority	Relating to
A	<ul style="list-style-type: none">• Duplicate payment• Depreciation overstated• Control account balances

12. Materiality

Materiality threshold £196,000

Reporting threshold: £9,800

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based on 1.5% of incoming resources. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

13. Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 7 November 2023 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

14. Current developments

We have attached a summary of other recent and ongoing developments as Appendix C to this report. The matters included in this appendix may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

15. Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome. News and Insights are also available on our website at [News and insights \(buzzacott.co.uk\)](https://buzzacott.co.uk/news-and-insights), where there is also an opportunity to sign up to our mailing list should you wish.

Conclusion

This letter has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this letter.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully

Appendix A: Adjusted and unadjusted misstatements

Adjusted misstatements

		Statement of Financial Activities		Balance Sheet	
		Debit £	Credit £	Debit £	Credit £
1	DR Fixed Assets CR Expenditure <i>Being the capitalisation of an item identified during repairs and maintenance testing.</i>		10,253	10,253	
2	DR Income DR Bad debt expense CR Trade debtors <i>Being the write-off of a bad debt for one student and correcting the debtor figure being overstated for one student and understated for another student.</i>	22,294 18,703			40,997
3	DR Bad debt provision CR Trade debtors <i>Being the write-off of historic bad debt provisions relating to 2018/19 and 2019/20.</i>			124,992	124,992

The above adjustments had the effect of increasing the charity's deficit by £30,744.

In the operating lease commitments note, the amount due after 5 years had been calculated incorrectly as £44,267 but has now been updated to £73,067.

In the fixed asset note, a £102k presentational adjustment has been made to show the accumulated depreciation eliminated on the disposals as a separate line instead of being netted off against the depreciation charge for the year.

A presentational adjustment was also raised in relation to the number of staff disclosed as higher paid employees as follows:

Disclosure:	Per draft accounts	Per Auditor
£60,001 - £70,000	10	12
£70,001 - £80,000	8	8
£90,001 - £100,000	1	1
£110,001 - £120,000	1	-
£220,001 - £230,000	-	1
£240,001 - £250,000	1	-

Unadjusted misstatements

		Statement of Financial Activities		Balance Sheet	
		Debit £	Credit £	Debit £	Credit £
1	DR Debtors CR Creditors <i>Being the reclassification of debit balances within the trade creditors listing.</i>			20,510	20,510
2	DR Accruals CR Tax charge <i>Being the reversal of the tax accrual as potentially taxable income is below the small trading exemption limit</i>		9,567	9,567	

The above adjustments would have decreased the charity's deficit by £9,567.

Appendix B: Audit observations and recommendations

	Observation	Implication	Recommendation	Management response
A	<u>Doubtful debts*</u> : We noted that historic debtor balances, including in respect of 'Les Petit Lutins Nursery' are still being carried in the debtors ledger although we understand the debt is irrecoverable. We note that these debts have been fully provided against as doubtful.	If the debtors ledger includes debts which are irrecoverable it does not show an accurate position and time may be wasted in trying to recover such amounts.	We recommend that the debtors ledger is tidied and all irrecoverable amounts written off.	A Debt Management Policy has been drafted, to be discussed and approved by the Finance Committee.
B	<u>Credit card authorisation</u> : Our audit testing of credit card transactions found that there is no implicit proof of authorisation of credit card transactions. We understand that the current process is that a one-time-passcode is sent to the COO so the COO is able to approve the final payment. However, there is no evidence that these transactions have been reviewed.	If the individual transactions are not reviewed, there is a risk that some credit card expenditure may not be appropriate expenditure.	We would recommend credit card transactions are approved with signature or email authorisation to ensure that all expenditure is appropriate.	Email authorisation is chosen from April 2024 onwards to ensure that all expenditure is appropriate.

B	<p><u>Declarations of interest:</u> We noted during our work on related party transactions that the charity does not require its trustees and key management personnel to document their close family members for the purposes of identifying transactions with related parties.</p> <p>In addition, we noted that declarations of interest forms did not include all interests as listed on Companies House and Charity Commission website.</p>	<p>Without such a procedure in place, there is a risk that the charity may unknowingly engage in transactions with close family members of trustees or management, or organisations controlled by these individuals.</p> <p>Furthermore, failure to disclose transactions with the individuals noted above may represent a material inaccuracy in the charity's financial statements, since transactions with connected parties are generally considered to be material by nature.</p>	<p>We recommend that the charity expands its declaration of interests forms to include the close family members of trustees and management, as well as any business ventures controlled by close family members.</p> <p>In addition, trustees and management should be reminded that declarations of interest should include all interests, and the forms should be cross-referred to Companies House and Charity Commission to ensure completeness.</p>	<p>We will use the expanded declaration forms provided by our auditor from the year 23/24 onwards.</p>
B	<p><u>Online banking access:</u> From review of users with access to online banking, we noted that this included employees who are no longer employed by the charity.</p>	<p>There is a risk that employees who have left the charity could access the online banking and set-up unauthorised payments. This is mitigated in this instance as in order to access online banking, the individual must have a secure key on which they receive the OTP to login, and these are now kept in a locked drawer to prevent access.</p>	<p>Whilst we note that management are in the process of removing these individuals from the online banking, we recommend that this process is completed on a more timely basis once employees leave.</p>	<p>Those ex-employees have been removed and we will make sure this process will be completed on a more timely manner from now on.</p>

C	<u>Credit cards</u> : As part of testing performed, we noted that credit cards are still held for employees who have now left the organisation.	There is a risk that employees who have left could access the credit cards to make unauthorised payments. Note that in this instance this is mitigated as the credit card is kept in a locked drawer and the OTP verification is sent to the company phone, which is in the possession of a current employee.	We recommend that credit cards are cancelled or the details updated on a more timely basis after an employee leaves.	The credit card has already been cancelled and we will deal with the matter more timely from now on.
Advisory	<u>Cyber essentials accreditation</u> : From our review of IT controls we noted that Lycée do not currently have any cyber security accreditation.	The benefits of the certification include increased confidence from customers and users, improved cyber security awareness, and reduced risk of cyber attacks.	We would recommend Lycée consider obtaining cyber security accreditation.	IT manager has been informed and will settle this matter in the near future.
Advisory	<u>Disaster recover plan</u> : We noted from review of IT controls, that Lycée does not currently have a formal IT system disaster recovery plan in place.	In the case of a significant adverse cyber attack or IT system failure, Lycée may not be adequately prepared to take appropriate action, resulting in loss of data, funds, or disruption of operations.	We recommend that a disaster recovery plan is prepared and reviewed by the Board, and that once in place, a dry run of the plan is undertaken.	The IT manager is working on getting the cyber security accreditation and on a business continuity plan. As part of the plan to make our network more resilient, we are working to get a second broadband provider with an improved bandwidth.

Revised Auditing Standard

Trustees' Annual Report and Accounts

Changes to UK GAAP

In March 2024, the Financial Reporting Council published amendments to *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The amendments encompass a number of changes including:

- a new model of revenue recognition designed to align UK GAAP with IFRS 15 *Revenue from Contracts with Customers*;
- a new model of lease accounting which brings assets under operating leases on to the balance sheet, designed to align UK GAAP with IFRS 16 *Leases*; and
- various other incremental improvements and clarifications.

The amendments will be effective for accounting periods beginning on or after 1 January 2026 and can be read at: https://media.frc.org.uk/documents/Amendments_to_FRS_102_and_other_FRSs.pdf

Development of new Charity Statement of Recommended Practice (SORP)

The new Charities Statement of Recommended Practice (SORP) had been expected to be published in August 2024 but will now be delayed until the amendments to the underlying financial reporting standards are issued. An update on the revised timeline of publishing will be issued in due course.

Background on the 15 topics for change that have been considered by the SORP Committee are available at: <https://charitySORP.org/engage-briefings-to-inform-the-engagement-process-in-developing-the-next-sorp>

Company size thresholds

The Government intends to lay legislation this summer to increase the (financial) thresholds that determine company size by 50%:

- Micro entity thresholds will move from not more than £632,000 turnover to not more than £1m with the balance sheet total threshold increasing to not more than £500,000;
- Small entity thresholds will increase to not more than £15m turnover, from £10.2m with the balance sheet total threshold increasing to not more than £7.5m; and

- The upper medium threshold will move to not more than £54m with the balance sheet total threshold increasing to not more than £27m.

Any company above the upper medium threshold would be classified as large. If legislation is passed, the thresholds are set to come into effect from financial years starting on or after 1 October 2024.

Further detail can be found at: <https://questions-statements.parliament.uk/written-statements/detail/2024-03-19/hcws354>

Changes to UK Company law

The Economic Crime and Corporate Transparency Act received royal assent on 26 October 2023 meaning that Companies House will have more power to play a more significant role in tackling economic crime and supporting economic growth. Some of the changes introduced have a direct impact on how accounts are prepared and filed, whilst others impact how company information is collated, checked and stored. A summary of key changes are listed below:

- Requirement for anyone setting up, running or controlling a company to verify their identity;
- Method of filing accounts will be moved to being by software only;
- Approach to filing small and micro entity accounts will be streamlined, with the option to file 'abridged' accounts being removed;
- Updates to disclosures surrounding audit exemptions;
- Limited partnerships will need to provide more information to Companies House with filing done by agents; and
- Individuals will have the ability to suppress certain parts of personal information that historically appear on public record.

Further details can be found at: <https://changestoukcompanylaw.campaign.gov.uk/>

One of the biggest practical changes that will impact registered companies is the need to provide email addresses for Companies House with the aim to phase out paper correspondence in due course. Information on this change can be found here: <https://www.buzzacott.co.uk/insights/companies-house-registered-email-addresses>

HMRC have also confirmed that they plan to reduce the volume of phone calls received by its advisers by 30% by the end of 2024 in a bid to improve the quality of service provided and to encourage people to use its digital services.

Charities Act 2022

The phased implementation of the Charities Act 2022 is now complete with all changes now being applied. The key changes relate to how trusts and unincorporated associations make changes to governing documents, new rules around selling, leasing or disposing of land and new guidelines on how gifts to charities that are merging are treated.

Further information can be found at: <https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities>

Sustainability and reporting

Whilst many companies and organisations are including sustainability and climate change-related information in their annual reports, only the largest private and listed companies are required to provide such information. This disclosed information is not yet subject to any independent 'checking' which has resulted in the 'greenwashing' claims about some unverified information contained in annual reports.

June 2023 saw the issue of the first two international sustainability reporting standards aimed at improving trust and confidence in company disclosures about sustainability and climate change. The two IFRS Sustainability Disclosure Standards are internationally effective from 1 January 2024 although they have not yet been adopted by UK standard setters. However, it is likely that compliance will become mandatory in the near future. To begin with, the obligation may only be for large companies but, the 'trickle down' process is likely to require many organisations to ensure that they can provide adequate information to others in their supply chain who have the reporting obligation. As is usually the way, the reporting obligation will ultimately be extended to smaller and not-for-profit entities.

In anticipation of the above, it is advisable to start discussions around sustainability reporting and data early and more information can be found at: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>.

Policy and Governance

Charity Commission 2024-2029 Strategy

The Charity Commission has published its new strategy with five key priorities:

- To be fair and proportionate in its work and clear about its role;
- To support charities to get it right but take robust action where they see wrongdoing and harm;
- To speak with authority and credibility, free from the influence of others;
- To embrace technological innovation and strengthen how its data is used; and

- To be the expert Commission - where its people are empowered and enabled to deliver excellence in regulation.

The regulator is in the process of identifying a set of strategic impact measures which will be published in mid-2024. The Commission aims to report against those measures for the first time in the Annual Report for 2024-25, which will be published in July 2025.

The full strategy can be read at: <https://www.gov.uk/government/publications/charity-commission-strategy-2024-2029/charity-commission-strategy-2024-2029>

UK Corporate Governance Code 2024

The UK Corporate Governance Code was revised in January 2024 with the key focus being to enhance transparency and accountability of UK premium listed companies and help support the growth and competitiveness of the UK and its attractiveness as a place to invest. The Code does not set out a rigid set of rules; instead, it offers flexibility through 'comply or explain' reporting against the Provisions. The main change in the 2024 Code is a new requirement under Provision 29 for a declaration of effectiveness by the board in relation to material controls which will come into force on 1 January 2026. The other, less substantial, changes to the Code will take effect from 1 January 2025.

The full Code can be read at: https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_kRCm5ss.pdf

A summary of key changes since the 2018 Code, as published by the FRC, can be found at: https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_Key_Changes.pdf

Charity Commission guidance on investing charity money

The Charity Commission has recently streamlined its guidance on investing charity money making it more accessible to trustees. Amongst other things, it:

- reminds trustees' of their principal duty to further their charity's purposes as part of setting and reviewing its policy on investments;
- reiterates that trustees' own judgement may be used on whether to restrict investment in organisations that contradict their mission;
- Advises that trustees may also choose to integrate environmental, social and governance issues into their investment strategy to either boost returns or protect their reputation;
- Advocates working with a professional firm to manage investments; and

- Acknowledges that there may be potential conflicts of interest that affect the use of particular advisors (e.g. if they are recommending to use their own funds or services without being able to demonstrate why those will serve a charity's purposes better than others).

The full guidance can be read at: <https://www.gov.uk/government/publications/charities-and-investment-matters-a-guide-for-trustees-cc14>

Charity Commission guidance on cost of living pressures

The Charity Commission has published guidance on managing financial difficulties as a result of the cost of living crisis covering key topics regarding trustee duty and decision-making, practical tips on what to do in situations where charities are in financial difficulty, what to do if the charity cannot continue to operate and a reminder on reporting serious incidents.

The detailed guidance can be seen at: <https://www.gov.uk/guidance/manage-financial-difficulties-in-your-charity-arising-from-cost-of-living-pressure>

Charity Fraud Report 2023

The Fraud Advisory Panel issued its 2023 Charity Fraud Report in January 2024 following a survey of 121 charities, of which 62% generated income of over £10m, within the UK. The below key findings were noted:

- 36% of charities have experienced more instances of fraud than in the previous year;
- 50% of detected frauds were perpetrated internally (by staff, trustees or volunteers);
- 67% of charities agree that the cost-of living crisis has increased fraud risk; and
- 92% of charities experienced financial losses due to fraud (compared to 69% in 2022), with there being a shift to higher value frauds (over £10,000) taking place.

The report identifies that the most common frauds relate to misappropriation of cash or other assets, expenses, procurement, false beneficiaries or cyber matters with two-thirds of charities reporting that frauds were detected as a result of internal controls in place indicating the importance of designing a control environment with fraud risk at the centre.

Fraud prevention strategies include ensuring robust policies are in place (and are being followed) on cybersecurity, anti-fraud and conflicts of interest, whilst also ensuring adequate training is provided to those associated with the charity on a regular basis. A fraud response plan should also be devised and implemented in case of any adverse event.

The full report, including the Panel's top tips for preventing fraud (on page 22 and 23) can be read at: <https://www.fraudadvisorypanel.org/document/2023-charity-fraud-report/>

Additional questions on Charity Annual Returns

The questions posed in the Charity Commission's Annual Return have been updated for financial years starting on or after 1 January 2023. The most significant changes relate to smaller charities where, depending on the level of income, the number of responses required may be reduced. Narrative changes to some questions have been made to improve clarity and improvements in the glossary and guidance have also been made to help charities answer questions quickly and accurately.

The detailed list of questions can be found at Appendix 8 at the following link: <https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

Guidance on internal controls

The government has updated their guidance (CC8) on internal financial controls for charities. The revised guidance includes updates on digital payment systems, fraud and cybercrime. The Charity Commission's internal control checklist, a tool available for trustees and charity management to check controls against the latest legal requirements has also been updated to reflect the latest guidance. The Charity Commission recommends that internal financial controls should be reviewed at least once a year. The updated guidance and checklist can be found at Internal financial controls for charities at <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8>

Trustee Quiz

The Charity Commission has released a new Trustee Quiz to enable trustees to test their knowledge of their roles and responsibilities. It is aimed to engage trustees with questions based on everyday scenarios in a bid to identify any knowledge gaps and to act as a refresher for all trustees. The quiz takes three minutes to complete with feedback provided for each question and a score out of 10.

The quiz can be found at: <https://beingacharitytrustee.campaign.gov.uk/take-the-trustee-quiz/>

UK employment law

A number of employment law regulatory changes have taken place in recent months including increases in statutory sick pay, updated redundancy pay calculations and national minimum wage increases which can impact organisations and their HR processes and documentation. The following insight provides detailed commentary on the changes and information on how Buzzacott can support: <https://www.buzzacott.co.uk/insights/an-update-on-uk-employment-law-2023>

A further development in 2024 was confirmed by the UK government who will be tripling the penalties for employing illegal workers from a minimum of £15,000 to £45,000 per worker: <https://www.buzzacott.co.uk/news/penalties-for-employing-illegal-workers-in-the-uk-are-set-to-triple>

Tax

Spring Budget 2024

The Chancellor of the Exchequer, Jeremy Hunt, presented the Spring Budget Statement on 6 March 2024. The key changes relate to an increase to the VAT registration threshold to £90,000, new tax credits within the creative industries and reductions in national insurance contributions from 6 April. The rate of capital gains tax on residential property will also be reducing to 24% from this date but for individuals, there are planned increases in passenger duty and vaping excise duty.

Further detail and analysis can be seen at: <https://www.buzzacott.co.uk/news/spring-budget-2024>

Charity tax returns – why are they so important?

Whilst it is not compulsory for charities to file a tax return, HMRC is able to perform random checks on charities to ensure exemptions are being claimed correctly. There is no blanket exemption on income generated by a charity because of their charitable status. If a charity receives income that does not fall under the available exemptions, then the profit element of the income will be subject to tax. The main forms of exempt charitable income are:

- Donations and legacies;
- Trading income, where this derives from activities in furtherance of or ancillary to the charity's objectives, or activities carried out by the charity's beneficiaries; and
- Certain investment and property income.

If there is non-charitable trading income that does not fall under the above exemptions, the small-scale taxable trades exemption can be applied whereby a tax liability will not be applied if the non-charitable trading income is less than 25% of the charity's total income, subject to a cap of £80,000. If £80,000 is breached, the total non-charitable trading income will be taxable.

Further information can be found at: <https://www.buzzacott.co.uk/insights/charity-tax-returns-why-are-they-so-important>

Charity Commission tax guidance

The Charity Commission has published guidance on direct tax obligations of charities and reliefs available. It is designed to allow charities access to relevant resources in one place with the guidance being available at: <https://www.gov.uk/government/publications/charities-detailed-guidance-notes>

Navigating the Employment Allowance and Apprenticeship Levy

HMRC is warning certain clubs and associations that they may be liable to pay the Apprenticeship Levy (AL) and are also no longer eligible for Employment Allowance (EA) relief.

The complexity of understanding eligibility for both the EA and the AL is the requirement to look beyond the payroll of the immediate employer and add the value of total payroll or the secondary Class 1 NIC liability of any connected employers. These rules are applicable whether an organisation is assessing eligibility for EA or AL.

Many unincorporated associations such as clubs, societies, religious bodies, amateur sporting bodies, and political parties, should be aware of these rules.

Further information can be found at: <https://www.buzzacott.co.uk/insights/navigating-the-employment-allowance-and-apprenticeship-levy>

Charity tax compliance consultation

HMRC are seeking views on several areas of concern (mainly in relation to abuse) in a consultation process which came to an end on 20 July 2023. The four areas that came under review were on charitable investments, non-charitable expenditure, tainted charity donations and filing obligations. HMRC do not intend to change the purpose of existing rules but want to ensure that they continue to be fit for purpose.

The results of the consultation have not yet been published but information on the process can be found at: <https://www.gov.uk/government/consultations/charities-tax-compliance/consultation-charities-tax-compliance>

IR35 and off-payroll working rules

New off-payroll working rules were introduced in April 2021 that impact the tax compliance burden for organisations who use project-based contractors. Details of the rules can be found at: <https://www.buzzacott.co.uk/insights/new-off-payroll-working-rules-ir35-starting-from-april-2021>

Benefits in kind

On 16 January 2024 the government announced that it will mandate employers to report and collect Income Tax and Class 1A National Insurance contributions on employment benefits through payroll software from 6 April 2026. This means that the 2025 to 2026 tax year will be the last year that employers will be able to file P11Ds and

P11D(b)s with HMRC in most cases. From this date, tax on employment benefits will be collected in real time and not through tax codes in arrears. Class 1A National Insurance contributions will also be collected in real time for each pay period rather than at the end of the year. These changes aim to reduce the administrative burden for employers with draft legislation due to be published later this year.

Business and non-business activities – new HMRC VAT guidance

On 1 June 2022, substantial changes were made to HMRC's Business/Non-Business manual. Previously, HMRC have applied a 'business test' derived from case law of 40 years earlier. The new guidance prefers a 'two-stage test' derived from a Court of Appeal case heard in 2018. The test is:

1. Does the activity result in a supply of goods or services for consideration?
2. Is the supply made for the purpose of obtaining income on a continuing basis?

HMRC identify the following types of organisation as being affected by the change in the test:

- Charities and not-for-profit organisations;
- Businesses providing nursery and crèche facilities;
- Entities that receive grants or subsidies; and
- Any entity carrying out non-business activities.

In practice, most charities have both business and non-business activities, so awareness of the new test is important in relation to claims for VAT relief and on deduction of VAT on costs. Many disputes with HMRC have been about charities seeking zero-rating for buildings used for non-business activity. It has emerged in 2023 that HMRC's new policy may affect entitlement to zero rating of building work retrospectively despite their earlier assurances that it was effective only from June 2022.

Detail on these changes can be found at: <https://www.gov.uk/government/publications/revenue-and-customs-brief-10-2022-vat-business-and-non-business-activities>