

INCLUSION HAMPSHIRE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

INCLUSION HAMPSHIRE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	L J Pratt A Minshull-Beech A Wilson A Howell R Wilson M Russell (Appointed 27 September 2022)
Chair	A Minshull-Beech
Chief Executive	C Edwards
Charity number	1162711
CIO number	CE005063
Principal address	Inclusion School, Bridgwater House Viabes Business Park Basingstoke RG22 4BS
Auditor	Fiander Tovell Limited Stag Gates House 63/64 The Avenue Southampton Hampshire SO17 1XS

INCLUSION HAMPSHIRE

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INCLUSION HAMPSHIRE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees present their annual report and financial statements for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's constitution, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Reference and administrative information

Charity name	Inclusion Hampshire
Charity number	1162711
CIO number	CE005063
Registered office	Inclusion School, Bridgwater House Viabes Business Park Basingstoke RG22 4BS

Aims and objectives

Inclusion Hampshire is a registered charity dedicated to supporting disadvantaged young people within the local community and empowering them to reach their full potential.

Our mission is to provide inclusive education provision which delivers nationally recognised accredited courses and holistically meet the needs of vulnerable and/or disadvantaged young people; to raise motivation and aspirations with the young people we work with; and, to support young people into employment in partnership with businesses and the community.

We are committed to making a positive impact in our community through the development of government approved Independent Special Schools and Colleges, and the development of outreach programmes to support young people's mental health in the community.

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

Achievements and performance

During the reporting period, Inclusion Hampshire set out to achieve its objectives through the opening of Inclusion School for the 2022/23 academic year and securing a contract with the Education and Skills Funding Agency (ESFA) for the delivery of Study Programmes at Inclusion College. This then required attracting pupils to the School and College and securing the necessary funding from local councils.

To deliver these services and programmes, Inclusion Hampshire needed to expand the staff base and enhance the governance model of the Charity.

Inclusion Hampshire has delivered against these significant milestones and made a positive impact in the following areas:

Programs and Services:

The successful opening of Inclusion School in Basingstoke, an Independent Special School for young people aged 11-16 with SEN and mental health needs. Approval obtained from the Department of Education in June 2022. Commissioned by the Hampshire County Council and admitted 31 learners to Inclusion School in September 2022.

Securing a contract and funding with ESFA for the delivery of Study Programmes and admitted 50 learners aged 16 + in September 2022 at Inclusion College.

INCLUSION HAMPSHIRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Fundraising:

Through the continued growth of partnerships with the Local Authority, placements at both the School and College are commissioned on an individual basis.

Fundraising and partnership initiatives with local councils and businesses have contributed to financial sustainability.

Volunteer and Staff Engagement:

Inclusion Hampshire continued to grow with the recruitment of volunteers and staff members. The organisation developed a teacher training pathway in partnership with accredited bodies to provide a bespoke programme of professional development.

Governance and Compliance:

The charity has maintained good governance practices and complied with all regulatory requirements.

Although not a statutory requirement, Governor Boards have been introduced for the School and College which report directly to the Charity Trustee Board.

An Induction Programme has been introduced for new Trustees and Governors and an ongoing programme of accredited training is in place to support regulatory compliance.

Impact on Beneficiaries:

At the core of our mission are the individuals and communities we serve. During the reporting period, we have positively impacted the lives of 83 beneficiaries through our programmes and services. Their stories and feedback inspire us to continue our work and strive for even greater outcomes.

Financial review

Inclusion Hampshire has seen a period of significant change in its financial position for the year end 31 August 2023 since it gained approval to become an independent school in June 2022. The overall funds of the charity in the 2022/23 financial year have increased to £699k (2021/22 £518k) of which £2,846 have restrictions to its use.

The total income from charitable activities in 2022/23 was £2.21m which is an increase of 168% in the financial year (2021/22 £826k). This movement comprises of an increased fee level to reflect the change in learner provision as an independent school and a greater number of learner spaces made available in the year at Inclusion College. The cost base has increased to align with Inclusion Hampshire being able to provide an increased level of services.

The level of tangible assets has increased to £549k in 2022/23 (2021/21 £111k) with the most significant increase being the addition of a fixed asset for leasehold improvements at the two leased properties.

The Trustees remain committed to the long-term financial security of the Charity and have agreed to increase the level of designated funds under the Expenses Reserve to £330k.

Reserves Policy

The Trustees regularly review finances, budgets and spend against budget as part of the effective stewardship of the Charity.

The Financial Controls Policy requires that Inclusion Hampshire holds funds sufficient to represent approximately 6 months of normal running costs for the Charity in the Expense Reserve. This is to ensure it can manage the financial impact of risk and minimise any disruption to our charitable activities. Transfers to and from the Expense Reserve must be approved by the Board of Trustees.

Risk Assessment

A formal risk assessment programme is in place using the Charities Commission guide. The Trustees review the major risks and their implications and steps are taken to mitigate potentially adverse effects. The procedures continue to be maintained and monitored on an on-going basis.

INCLUSION HAMPSHIRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Plans for future periods

Looking forward, Inclusion Hampshire has developed a strategic plan that outlines our goals and objectives for the next reporting period. Our key priorities include:

- Adopting a working name of "Inclusion Education" for the charity to use as it expands its work across county boundaries.
- Renewal of the Carnegie Centre of Excellence, Leeds Beckett University, Gold Award for Mental Health in Schools.
- Invite external inspection for both Inclusion School and Inclusion College as part of pre-Ofsted preparation.

Structure, governance and management

The charity is a Charitable Incorporated Organisation (CIO), registered with the Charity Commission. It was formed on 17 July 2015 and is governed by a written constitution.

Senior Management Team

C Edwards Chief Executive Officer (CEO)

Inclusion Hampshire is governed by a board of trustees who serve on a voluntary basis. Our Trustees are committed to upholding the highest standards of governance, ensuring transparency, accountability, and compliance with all relevant laws and regulations. The Board of Trustees meets regularly to discuss and make decisions related to the Charity's strategic direction, financial management, and overall operations.

The trustees who served during the year and up to the date of signature of the financial statements were:

L J Pratt
A Minshull-Beech
A Wilson
A Howell
R Wilson
M Russell

(Appointed 27 September 2022)

Trustees are appointed by a resolution passed at a properly convened meeting of the trustees. Each new trustee is appointed for a minimum of three years.

The trustees are responsible for governance, including setting the Charity's strategy and overall policies and reviewing progress against objectives. The Chief Executive, working closely with Trustees, carries out the day-to-day management of the charity. However, all trustees are encouraged to take an interest in the charity's project work and take an active part in the management thereof.

Trustees are formally inducted in the work of the charity and their own responsibilities as a trustee over a period of months. This initially involves discussions with other trustees, briefing by the Chairman and Chief Executive, a review of the latest annual report, annual accounts and current projects. Any training or education the new trustee may need is scheduled as required.

INCLUSION HAMPSHIRE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report was approved by the Board of Trustees.



A Minshull-Beech

Trustee

Date: 23rd January 2024

INCLUSION HAMPSHIRE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF INCLUSION HAMPSHIRE

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2023 and of its incoming resources and application of resources, 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 Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

The year ended 31 August 2023 is the first year for which an audit has been required for the charity. As a result, the comparative figures have not been audited.

INCLUSION HAMPSHIRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF INCLUSION HAMPSHIRE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Charities Act 2011, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

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

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

INCLUSION HAMPSHIRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF INCLUSION HAMPSHIRE

Audit response to risks identified

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

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

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.
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

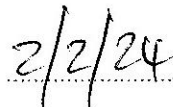
INCLUSION HAMPSHIRE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF INCLUSION HAMPSHIRE



Adam Buse ACA (Senior Statutory Auditor)
for and on behalf of Fiander Tovell Limited

Chartered Accountants
Statutory Auditor



Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

Fiander Tovell Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

INCLUSION HAMPSHIRE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

		Unrestricted funds general 2023	Unrestricted funds designated 2023	Restricted funds 2023	Total 2023	Total 2022
	Notes	£	£	£	£	£
<u>Income and endowments from:</u>						
Donations and legacies	3	23,056	-	-	23,056	48,336
Charitable activities	4	2,214,615	-	-	2,214,645	825,813
Investments	5	4,481	-	-	4,481	1,321
Other income	6	5,201	-	-	5,201	1,471
Total income		2,247,383	-	-	2,247,383	876,941
<u>Expenditure on:</u>						
Charitable activities	7	2,066,887	-	52	2,066,939	839,607
Net incoming/(outgoing) resources before transfers		180,496	-	(52)	180,444	37,334
Gross transfers between funds		(130,000)	130,000	-	-	-
Net income/(expenditure) for the year/ Net movement in funds		50,496	130,000	(52)	180,444	37,334
Fund balances at 1 September 2022		315,499	200,000	2,898	518,397	481,063
Fund balances at 31 August 2023		365,995	330,000	2,846	698,841	518,397

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

All income and expenditure derive from continuing activities.

INCLUSION HAMPSHIRE

BALANCE SHEET

AS AT 31 AUGUST 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		549,386		111,081
Current assets					
Debtors	13	350,923		68,859	
Cash at bank and in hand		671,409		543,412	
		1,022,332		612,271	
Creditors: amounts falling due within one year	14	(432,877)		(204,955)	
Net current assets			589,455		407,316
Total assets less current liabilities			1,138,841		518,397
Provisions for liabilities			(440,000)		-
Net assets			698,841		518,397
Income funds					
Restricted funds	16		2,846		2,898
<u>Unrestricted funds</u>					
Designated funds	17	330,000		200,000	
General unrestricted funds		365,995		315,499	
			695,995		515,499
			698,841		518,397

The financial statements were approved by the Trustees on 23rd January 2024

A Minshull-Beech

A Minshull-Beech
Trustee

INCLUSION HAMPSHIRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	21		171,250		153,919
Investing activities					
Purchase of tangible fixed assets		(45,011)		(106,684)	
Investment income received		1,758		287	
Net cash used in investing activities			(43,253)		(106,397)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			127,997		47,522
Cash and cash equivalents at beginning of year			543,412		495,890
Cash and cash equivalents at end of year			671,409		543,412

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Charity information

Inclusion Hampshire is a charitable incorporated organisation registered with the Charity Commission in England and Wales. The office address is Inclusion School, Bridgwater House, Viables Business Park, Basingstoke, RG22 4AX.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's constitution, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds are funds set aside by the trustees for specific purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Transfers are made between funds when adequate justification and supporting evidence is provided.

1.4 Income

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

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants are recognised when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met, these these amounts are deferred.

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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

1.5 Expenditure

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

Support costs are allocated to activities in proportion to the use of facilities and time spent. Where support costs are allocated to restricted funds, these are allocated in accordance with the terms of the funding agreements.

Irrecoverable VAT is charged as a cost against the category of expenditure to which it relates.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over the period of the lease
Leasehold Improvements	Straight line over the period of the lease
Fixtures, fittings and equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.10 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

The charity operates a defined contribution pension scheme. Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical Judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Dilapidation provisions

The trustees have obtained a third party assessment for both leased buildings to estimate the cost of dilapidations required to return each site to the original state of repair. The dilapidation provision is therefore based on this estimation.

3 Donations and legacies

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £
Donations and gifts	1,880	2,266	-	2,266
Grants receivable	21,176	38,259	6,711	44,970
Membership fees	-	1,100	-	1,100
	<u>23,056</u>	<u>41,625</u>	<u>6,711</u>	<u>48,336</u>

Grants include government grants of £Nil (2022 - £27,059) in respect of Covid-19 support and £21,176 (2022 - £17,911) in support of charitable activities.

4 Charitable activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Inclusion Learning Centre income	-	364,968
Inclusion College income	1,038,636	460,845
Inclusion School income	1,176,009	-
	<u>2,214,645</u>	<u>825,813</u>

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

5 Investments

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Interest receivable	4,481	1,321
	<u> </u>	<u> </u>

6 Other income

	Unrestricted funds general 2023 £	Unrestricted funds general 2022 £
Other income	5,201	1,471
	<u> </u>	<u> </u>

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

7 Charitable activities

	2023	2022
	£	£
Staff costs	695,065	375,120
Accreditation, training and testing	20,743	3,027
Temporary or specialist teaching resources	155,386	63,827
Resources	15,967	5,089
Transport	6,426	3,635
Trips and events	5,581	598
Food and drink	51,457	-
Sundry costs	1,185	3,050
	<u>951,810</u>	<u>454,346</u>
Share of support costs as restated (see note 8)	1,087,851	382,311
Share of governance costs (see note 8)	27,278	2,950
	<u>2,066,939</u>	<u>839,607</u>
Analysis by fund		
Unrestricted funds - general	2,066,887	833,615
Restricted funds	52	5,992
	<u>2,066,939</u>	<u>839,607</u>

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

8 Support costs

	Support costs	Governance costs	2023	2022
	£	£	£	£
Staff costs	184,451	-	184,451	125,429
Depreciation	46,706	-	46,706	3,380
Staff training, recruitment and other costs	53,379	-	53,379	13,113
Rent, rates and other premises costs	660,303	-	660,303	147,916
Premises maintenance and repairs	48,684	-	48,684	40,288
Telephone, computer and other office costs	85,924	-	85,924	28,623
Travel	1,683	-	1,683	1,534
Marketing	3,014	-	3,014	19,092
Sundry costs	3,606	-	3,606	2,839
Bank charges and interest	101	-	101	97
Audit fees	-	9,000	9,000	-
Accountancy	-	-	-	(700)
Legal and professional	-	18,278	18,278	3,650
	<u>1,087,851</u>	<u>27,278</u>	<u>1,115,129</u>	<u>385,261</u>
Analysed between				
Charitable activities	<u>1,087,851</u>	<u>27,278</u>	<u>1,115,129</u>	<u>385,261</u>

Governance costs includes payments to the auditors of £9,000 (2022- £0) for audit fees.

9 Trustees

None of the trustees received any remuneration or benefits from the charity during the current and prior years.

10 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
	<u>28</u>	<u>23</u>
Employment costs	2023 £	2022 £
Wages and salaries	778,215	449,949
Social security costs	66,795	30,492
Other pension costs	34,506	20,108
	<u>879,516</u>	<u>500,549</u>

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

10 Employees

(Continued)

There were no employees whose annual remuneration was more than £60,000.

11 Taxation

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

12 Tangible fixed assets

	Leasehold land and buildings £	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2022	92,427	-	25,917	118,344
Additions	19,025	440,000	25,986	485,011
At 31 August 2023	111,452	440,000	51,903	603,355
Depreciation and impairment				
At 1 September 2022	536	-	6,727	7,263
Depreciation charged in the year	7,437	29,334	9,935	46,706
At 31 August 2023	7,973	29,334	16,662	53,969
Carrying amount				
At 31 August 2023	103,479	410,666	35,241	549,386
At 31 August 2022	91,891	-	19,190	111,081

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	133,122	8,823
Other debtors	4,431	1,520
Prepayments and accrued income	213,370	58,516
	350,923	68,859

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

14 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Other taxation and social security		16,234	10,748
Deferred income		124,856	53,488
Trade creditors		94,475	21,346
Other creditors		12,307	-
Accruals		185,005	119,373
		<u>432,877</u>	<u>204,955</u>

Provisions for liabilities	2023 £	2022 £
Dilapidations provision	440,000	-
	<u>440,000</u>	<u>-</u>

Movements on provisions:

	Dilapidations provision £
Additional provisions in the year	440,000
	<u>440,000</u>

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

16 Restricted funds

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

	Movement in funds						
	Balance at 1 September 2021	Incoming resources	Resources expended	Transfers	Balance at 1 September 2022	Resources expended	Balance at 31 August 2023
	£	£	£	£	£	£	£
BBC CIN	782	3,380	(4,162)	-	-	-	-
OCC Life Skills Programme	-	1,500	-	-	1,500	-	1,500
Little Help Fund	848	848	(892)	-	804	(52)	752
ILC Library	-	185	(185)	-	-	-	-
IC Mental Health Library	-	72	(621)	549	-	-	-
Sleep Project	-	1,508	(914)	-	594	-	594
	<u>1,630</u>	<u>7,493</u>	<u>(6,774)</u>	<u>549</u>	<u>2,898</u>	<u>(52)</u>	<u>2,846</u>

BBC CIN - BBC Children in Need grant to enable Inclusion Hampshire to employ a music tutor to provide 1-1 therapeutic music sessions to young people who are not accessing mainstream education due mental health and special educational needs.

OCC Life Skills Programme - Funding from Odiham Consolidated Charities (OCC) to deliver a Life Skills Programme, teaching learners and empowering them to develop the skills required to live a more independent life.

Little Help Fund - Funds raised through donations and events to help support our most vulnerable learners during their time at Inclusion School and Inclusion College.

ILC Library - Funds raised through sales of a mental health calendar featuring artwork by students to create a new space to provide inspiration and encourage learners to reconnect with reading.

IC Mental Health Library - Funds raised through sales of a mental health calendar featuring artwork by students to create a Resilience Library to allow independent learning and exploration to allow our learners to find the best resources that suit their needs.

Sleep Project - Funding from BNI International to support young people and their families to provide training sessions for both learners and their parents/carers to help them to understand the benefits of sleep and ways in which they can achieve better sleep health.

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Movement in funds				
	Balance at 1 September 2022	Incoming resources	Resources expended	Transfers	Balance at 31 August 2023
	£	£	£	£	£
Expense reserve	200,000	-	-	130,000	330,000
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>330,000</u>
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>130,000</u>	<u>330,000</u>

	Movement in funds				
	Balance at 1 September 2021	Incoming resources	Resources expended	Transfers	Balance at 31 August 2022
	£	£	£	£	£
Expense reserve	200,000	-	-	-	200,000
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>

Expense reserve - funds set aside to provide an adequate safety net for the charitable running costs in accordance with the charity's financial controls policy.

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

18 Analysis of net assets between funds

	Unrestricted funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £
Fund balances at 31 August 2023 are represented by:				
Tangible assets	549,386	-	-	549,386
Current assets/(liabilities)	256,609	330,000	2,846	589,455
Provisions	(440,000)	-	-	(440,000)
	<u>365,995</u>	<u>330,000</u>	<u>2,846</u>	<u>698,841</u>

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fund balances at 31 August 2022 are represented by:				
Tangible assets	111,081	-	-	111,081
Current assets/(liabilities)	204,418	200,000	2,898	407,316
	<u>315,499</u>	<u>200,000</u>	<u>2,898</u>	<u>518,397</u>

INCLUSION HAMPSHIRE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

19 Operating lease commitments

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

	2023 £	2022 £
Within one year	311,333	386,097
Between two and five years	1,558,260	1,544,388
In over five years	3,631,240	3,783,437
	<u>5,500,833</u>	<u>5,713,922</u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate remuneration	<u>55,000</u>	<u>56,794</u>

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

Stephen Minshull-Beech, the spouse to Amanda Minshull-Beech, was appointed as a teacher at Inclusion School at a market rate of remuneration.

Remuneration was fully paid during the year and there is no amount outstanding at the balance sheet date (2022: £Nil). Stephen is a qualified professional teacher and the appointment was made to help the charity fill a vacancy on short notice.

21 Cash generated from operations

	2023 £	2022 £
Surplus for the year	180,444	37,334
Adjustments for:		
Investment income recognised in statement of financial activities	(4,481)	(1,321)
Depreciation and impairment of tangible fixed assets	46,706	3,380
Movements in working capital:		
(Increase) in debtors	(279,341)	(56,605)
Increase in creditors	156,554	125,196
Increase in deferred income	71,368	45,935
Cash generated from operations	<u>171,250</u>	<u>153,919</u>

