

REGISTERED COMPANY NUMBER: 10094184 (England and Wales)
REGISTERED CHARITY NUMBER: 1168455

Report of the Trustees and
Audited Financial Statements
for the Year Ended 31 July 2021
for
Canto Learning Limited

Canto Learning Limited

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for the year ended 31 July 2021

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Report of the Trustees
for the year ended 31 July 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2021. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives and aims

To advance the education and skills of young people who live with challenges arising from learning, behavioural, emotional or social difficulties by the provision of a specialist establishment.

Public benefit

All the Charity's activities are undertaken to further our charitable purpose for the benefit of the public. The trustees have had regard to the Charity Commission guidance on public benefit in section four of the Charities Act 2011. The main benefits which have arisen during the year from the organisations aims and activities are detailed in the following sections and in the financial review.

STRATEGIC REPORT

Achievement and performance

The trustees are confident that the general balance between income, expenditure and reserves has remained satisfactory throughout the year, and that the costs to manage Covid-19 continue to be deployed effectively.

Much of the surplus shown in these accounts has been allocated to maintenance and upgrade of the premises and to funding planned growth of core provision.

Canto Learning Ltd continues to increase student provision for the benefit of those residing in Northamptonshire and surrounding areas. The good reputation of the organisation is seeing continued demand across the geographical area for services, which is leading to organic growth of student numbers particularly from Social Care.

Despite the disruption of Covid 19, the Leadership Team has managed the disruption well by keeping teaching and learning going through remote and online delivery and by restructuring the building into teaching bubbles to keep students and staff as safe as possible during onsite teaching delivery. Environmental Health has inspected the teaching arrangements onsite and has commended arrangements. This has come at some considerable costs for PPE, Perspex screening, signage, deep cleaning and sanitisation, but the Board has seen this as essential and has funded these unforeseen costs from budgeted contingency funds,

Due to the nature of the funding of the teaching, provision is made in the accounts for potential clawback. For 20/21 this has been managed effectively and the return of funding is within tolerance.

We have made significant progress throughout the year in relation to the key elements of our strategy, the board monitors the progress by reference to the following financial KPI's:

	2021	2020
Accumulated surplus	£854,703	£649,396
Wage cost as a % of incoming resources	58.8%	62.5%
Operating surplus %	13.9%	6.0%

In addition the board monitors non-financial KPIs, such as staff and student satisfaction, by way of annual survey, the results for which are discussed as part of the board meeting.

Report of the Trustees
for the year ended 31 July 2021

STRATEGIC REPORT

Financial review

Reserves policy

The nature of funding to the charity is such that payments are received in advance for various areas of the activities undertaken. These funds are reconcilable at the end of the academic year and, if unused, are at risk of being clawed back if the charity cannot demonstrate that the funds have been applied. Such 'at risk' funds are retained separately and only allocated to the finances of the charity as they are applied. It is from these applied funds that allocation is made to our reserves. Reserve funds are invested in a '32 Day Notice' account which yields higher interest but is fully secure.

The trustees are satisfied that the amount of reserves remains at a healthy level and is being constantly monitored to ensure the long-term financial stability of the charity.

Financial and risk management objectives and policies

The trustees have assessed the major risks to which the charity is exposed, those relating to 'In Advance' payments which could be clawed back by the funding authorities. The trustees are satisfied that the measures in place adequately provide for any such risk that exists. Financial reports are completed and presented to each Board of Trustees meeting and satisfy the trustees that appropriate systems are in place to mitigate our exposure to all major risks.

Future plans

The Charity's future plan is to continue and develop the core provision of education and training to our SEN student groups and to add to our facilities in order to enhance further their learning experience and wellbeing

As Covid-19 reduces, CANTO will look to recover areas that have been affected over the past 18+ months. The new on-site work centre, coffee shop and meeting room that just opened pre-pandemic provides additional future opportunity and scope to deliver work experience in-house rather than using third parties, enriching the experience for students in a cost effective manner. Buildings essential maintenance continues and will be a constant feature of a planned renewal schedule for the next 5 years, with a longer term ambition of adding to the building to include a performance and arts block.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

10094184 (England and Wales)

Registered Charity number

1168455

Registered office

Willis House
Tonmead Road
Lumbertubs
Northampton
Northamptonshire
NN3 8HU

Report of the Trustees
for the year ended 31 July 2021

Trustees

Mrs C Dear
Mr A M Hanning
Mr P Burch
Mrs J Gadsden
Mrs A Fometu
Mr A M Billingham
M E Heron
Mr R Nutt

Auditors

Cottons Accountants LLP
The Stables
Church Walk
Daventry
Northamptonshire
NN11 4BL

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
state whether applicable UK Accounting Standards have been followed, subject to any material
- departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that
- the charitable company will continue in operation.

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

In so far as the trustees are aware:

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

AUDITORS

The auditors, Cottons Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Trustees
for the year ended 31 July 2021

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 23 May 2022 and signed on the board's behalf by:

Mr R Nutt - Trustee

Report of the Independent Auditors to the Members of Canto Learning Limited

Opinion

We have audited the financial statements of Canto Learning Limited (the 'charitable company') for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Canto Learning Limited

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 Report of the Trustees.

We have nothing to report in respect of the following matters where 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

Report of the Independent Auditors to the Members of Canto Learning Limited

Our 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 a Report of the Independent Auditors 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:

- the engagement partner ensured that the engagement team collectively had the appropriate experience, competence, capabilities and skills to identify or recognise non-compliance with laws and regulations;
- through discussions with the trustees and other management, and from our commercial knowledge of the charity's activities and objectives, we identified the laws and regulations applicable to the charity and focused on specific laws and regulations which we considered may have a direct material effect on the financial statements and operations of the charity. These included charity foundation constitutions, governance and policy matters, data protection, anti-bribery, employment, environmental and health & safety legislation; and
- we remained alert to instances of non-compliance throughout the audit and assessed the extent of compliance through discussions with management and examination of documentation.
- We assessed the susceptibility of the charity's financial statements to material misstatement and obtained an understanding of how fraud might occur by:
- making enquiries of management as to where they considered there was a susceptibility to fraud and their knowledge of any actual, suspected or alleged fraud; and
- considering the internal controls in place to mitigate the risk 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 unusual or unexpected relationships;
- reviewed the nominal ledger and, specifically, journal entries to identify large or unusual transactions and investigated them; and
- we assessed the extent to which accounting entries relied on a high degree of judgement and/or estimation.

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included:

- agreeing financial statement disclosures to supporting documentation;
- reading minutes of trustee / management meetings, relevant regulators and the charity's professional advisers; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures outlined 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 and/or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Report of the Independent Auditors to the Members of
Canto Learning Limited

Use of our report

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

Callum Veasey ACA MAAT (Senior Statutory Auditor)
for and on behalf of Cottons Accountants LLP
The Stables
Church Walk
Daventry
Northamptonshire
NN11 4BL

Date:

Canto Learning Limited

Statement of Financial Activities
for the year ended 31 July 2021

	Notes	Unrestricted funds £	Restricted fund £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	3	1,520	-	1,520	2,974
Charitable activities					
Programme income	6	1,346,831	-	1,346,831	1,019,956
Other trading activities	4	13,663	-	13,663	4,328
Investment income	5	91	-	91	982
Other income		-	-	-	59,837
Total		1,362,105	-	1,362,105	1,088,077
EXPENDITURE ON					
Charitable activities					
Programme income	7	1,160,605	-	1,160,605	1,009,605
Other		12,671	-	12,671	12,742
Total		1,173,276	-	1,173,276	1,022,347
NET INCOME		188,829	-	188,829	65,730
RECONCILIATION OF FUNDS					
Total funds brought forward		1,440,369	-	1,440,369	1,374,639
TOTAL FUNDS CARRIED FORWARD		1,629,198	-	1,629,198	1,440,369

The notes form part of these financial statements

Canto Learning Limited (Registered number: 10094184)

Balance Sheet
31 July 2021

	Notes	Unrestricted funds £	Restricted fund £	2021 Total funds £	2020 Total funds £
FIXED ASSETS					
Tangible assets	13	1,259,226	-	1,259,226	1,280,635
CURRENT ASSETS					
Stocks	14	650	-	650	650
Debtors	15	126,239	-	126,239	201,618
Cash at bank and in hand		566,109	-	566,109	298,674
		<u>692,998</u>	<u>-</u>	<u>692,998</u>	<u>500,942</u>
CREDITORS					
Amounts falling due within one year	16	(114,763)	-	(114,763)	(85,746)
		<u>578,235</u>	<u>-</u>	<u>578,235</u>	<u>415,196</u>
NET CURRENT ASSETS					
		<u>578,235</u>	<u>-</u>	<u>578,235</u>	<u>415,196</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,837,461</u>	<u>-</u>	<u>1,837,461</u>	<u>1,695,831</u>
CREDITORS					
Amounts falling due after more than one year	17	(208,263)	-	(208,263)	(255,462)
		<u>1,629,198</u>	<u>-</u>	<u>1,629,198</u>	<u>1,440,369</u>
NET ASSETS		<u>1,629,198</u>	<u>-</u>	<u>1,629,198</u>	<u>1,440,369</u>
FUNDS	20				
Unrestricted funds				<u>1,629,198</u>	<u>1,440,369</u>
TOTAL FUNDS				<u>1,629,198</u>	<u>1,440,369</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 23 May 2022 and were signed on its behalf by:

Mr A M Billingham - Trustee

Mr R Nutt - Trustee

The notes form part of these financial statements

Canto Learning Limited

Cash Flow Statement
for the year ended 31 July 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	355,073	(38,107)
Interest paid		(7,506)	(10,996)
Net cash provided by/(used in) operating activities		<u>347,567</u>	<u>(49,103)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(26,028)	(96,175)
Sale of tangible fixed assets		1,550	-
Interest received		91	982
Net cash used in investing activities		<u>(24,387)</u>	<u>(95,193)</u>
Cash flows from financing activities			
Loan repayments in year		(55,745)	(58,277)
Net cash used in financing activities		<u>(55,745)</u>	<u>(58,277)</u>
Change in cash and cash equivalents in the reporting period		<u>267,435</u>	<u>(202,573)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>298,674</u>	<u>501,247</u>
Cash and cash equivalents at the end of the reporting period		<u><u>566,109</u></u>	<u><u>298,674</u></u>

The notes form part of these financial statements

Canto Learning Limited

Notes to the Cash Flow Statement
for the year ended 31 July 2021

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income for the reporting period (as per the Statement of Financial Activities)	188,829	65,730
Adjustments for:		
Depreciation charges	42,136	44,229
Loss on disposal of fixed assets	3,751	-
Interest received	(91)	(982)
Interest paid	7,506	10,996
Decrease/(increase) in debtors	75,379	(129,750)
Increase/(decrease) in creditors	37,563	(28,330)
Net cash provided by/(used in) operations	<u>355,073</u>	<u>(38,107)</u>

2. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.8.20 £	Cash flow £	At 31.7.21 £
Net cash			
Cash at bank and in hand	298,674	267,435	566,109
	<u>298,674</u>	<u>267,435</u>	<u>566,109</u>
Debt			
Debts falling due within 1 year	(53,658)	1,038	(52,620)
Debts falling due after 1 year	(255,462)	47,199	(208,263)
	<u>(309,120)</u>	<u>48,237</u>	<u>(260,883)</u>
Total	<u>(10,446)</u>	<u>315,672</u>	<u>305,226</u>

The notes form part of these financial statements

Canto Learning Limited

Notes to the Financial Statements **for the year ended 31 July 2021**

1. STATUTORY INFORMATION

Canto Learning Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's business address is Willis House, Tonmead Road, Lumbertubs, Northampton. NN3 8HU.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

Canto Learning Limited is an incorporated Charity in the United Kingdom. The nature of the charity's operations and principal activities are to advance the education and skills of young people who live with challenges arising from learning, behavioural, emotional or social difficulties by the provision of a specialist establishment.

The financial statements of the charitable company, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) '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)'. Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from the date the financial statements are authorised. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern, despite the current pandemic.

Critical accounting judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

- Valuation of fixed assets
- Valuation of deferred income
- Calculation of accruals
- Valuation of the capital reserve

Income

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Canto Learning Limited

Notes to the Financial Statements - continued **for the year ended 31 July 2021**

2. ACCOUNTING POLICIES - continued

Income

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

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

The charity receives government grants in respect of education service funding. Income from government and other grants are recognised at fair value 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 then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 2% on cost

Canto Learning Limited

Notes to the Financial Statements - continued **for the year ended 31 July 2021**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Plant and machinery	- 15% on cost
Fixtures and fittings	- 15% on cost
Motor vehicles	- 20% on reducing balance
Computer equipment	- 15% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

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

Endowment funds represent those assets which must be held permanently by the charity, principally. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value and subsequently measured at their settlement value.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to profit or loss in the period to which they relate.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

COVID-19

COVID-19 has had a negative impact on the current economic climate and its significant economic impact has been considered when preparing the year end accounts.

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

3. DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	1,520	2,974
	<u>1,520</u>	<u>2,974</u>

Income from fundraising activities was £1,520, of which £nil was attributable to capital reserve, £nil was attributable to endowments, £nil was attributable to restricted and £1,520 was attributable to unrestricted funds.

4. OTHER TRADING ACTIVITIES

	2021	2020
	£	£
Fundraising events	-	152
Clothing income	3,983	611
Tuck shop income	649	2,537
Avon income	9,031	701
Other income	-	327
	<u>13,663</u>	<u>4,328</u>

Income from other trading activities was £13,663, of which £nil was attributable to endowments, £nil was attributable to restricted and £13,663 was attributable to unrestricted funds.

5. INVESTMENT INCOME

	2021	2020
	£	£
Deposit account interest	91	982
	<u>91</u>	<u>982</u>

Income from investment activities was £91, of which £nil was attributable to endowments, £nil was attributable to restricted and £91 was attributable to unrestricted funds.

6. INCOME FROM CHARITABLE ACTIVITIES

		2021	2020
	Activity	£	£
Programme income	Programme income	648,049	300,359
Grants	Programme income	698,782	719,597
		<u>1,346,831</u>	<u>1,019,956</u>

Income from charitable activities was £1,346,831, of which £nil was attributable to endowments, £nil was attributable to restricted and £1,346,831 was attributable to unrestricted funds.

Grants received, included in the above, are as follows:

	2021	2020
	£	£
Government funding	698,782	719,597
	<u>698,782</u>	<u>719,597</u>

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 8) £	Totals £
Programme income	1,148,647	11,958	1,160,605
	<u>1,148,647</u>	<u>11,958</u>	<u>1,160,605</u>

The charity has only one activity, and all expenditure is incurred in furtherance of that activity. The allocation of support costs is all allocated to one activity of the charity.

8. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Other resources expended	8,547	-	8,547
Programme income	68	11,890	11,958
	<u>8,615</u>	<u>11,890</u>	<u>20,505</u>

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2021 £	2020 £
Auditors' remuneration	4,000	4,100
Depreciation - owned assets	42,137	44,230
Deficit on disposal of fixed assets	3,751	-
	<u>49,888</u>	<u>48,330</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

	2021 £	2020 £
Trustees' salaries	71,521	78,388
Trustees' social security	7,434	7,515
Trustees' pension contributions to money purchase schemes	2,056	2,334
	<u>81,011</u>	<u>88,237</u>

The two Trustees for which remuneration is paid are Mrs. J. Gadsden and Mrs C. Dear. Both trustee are also accruing pension contributions under the charities auto enrolment obligation. In the prior year Trustee remuneration and accruing pension contributions under the charities auto enrolment obligation were also paid to Mrs. M E Heron.

The charity has legal authority within its memorandum and articles of association to pay remuneration to Trustees, and this has been agreed with the Charities Commission. The remuneration was paid, not for the role of Trustee, but for the job undertaken within the Charity.

The charity considers that only its trustees are considered key management personnel and their remuneration is disclosed above.

The charity did reimburse expenses to trustees; the amount reimbursed is disclosed below and related to travel and subsistence payments. There was only one trustee who received reimbursed expenses.

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

10. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

	2021 £	2020 £
Trustees' expenses	723	115
	<u>723</u>	<u>115</u>

11. STAFF COSTS AND TRUSTEES

	2021 £	2020 £
Wages and salaries	803,282	703,805
Social security costs	57,986	45,591
Other pension costs	20,957	19,178
	<u>882,225</u>	<u>768,574</u>

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

	2021	2020
Employed Trustees	2	3
Other, Non-Salaried, Trustees	6	5
Leadership Team	6	7
Teaching Staff	12	9
Support Staff	20	15
Administrative Staff	5	6
	<u>51</u>	<u>45</u>

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

	2021	2020
£60,001 - £70,000	1	-
	<u>1</u>	<u>-</u>

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	2,974	-	2,974
Charitable activities			
Programme income	1,019,956	-	1,019,956
Other trading activities	4,328	-	4,328
Investment income	982	-	982
Other income	59,837	-	59,837
	<u>1,088,077</u>	<u>-</u>	<u>1,088,077</u>
Total	1,088,077	-	1,088,077
EXPENDITURE ON			
Charitable activities			
Programme income	1,009,605	-	1,009,605
Other	12,742	-	12,742

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted fund £	Total funds £
Total	1,022,347	-	1,022,347
NET INCOME	65,730	-	65,730
RECONCILIATION OF FUNDS			
Total funds brought forward	1,374,639	-	1,374,639
TOTAL FUNDS CARRIED FORWARD	1,440,369	-	1,440,369

13. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 August 2020	1,134,748	135,965	41,849
Additions	-	12,426	245
Disposals	-	-	(6,692)
At 31 July 2021	1,134,748	148,391	35,402
DEPRECIATION			
At 1 August 2020	45,390	2,870	25,208
Charge for year	22,695	2,838	5,346
Eliminated on disposal	-	-	(6,276)
At 31 July 2021	68,085	5,708	24,278
NET BOOK VALUE			
At 31 July 2021	1,066,663	142,683	11,124
At 31 July 2020	1,089,358	133,095	16,641

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

13. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 August 2020	35,883	24,185	64,542	1,437,172
Additions	5,909	-	7,448	26,028
Disposals	(5,845)	(18,485)	(33,925)	(64,947)
At 31 July 2021	35,947	5,700	38,065	1,398,253
DEPRECIATION				
At 1 August 2020	19,234	19,436	44,399	156,537
Charge for year	5,223	346	5,689	42,137
Eliminated on disposal	(5,722)	(15,038)	(32,611)	(59,647)
At 31 July 2021	18,735	4,744	17,477	139,027
NET BOOK VALUE				
At 31 July 2021	17,212	956	20,588	1,259,226
At 31 July 2020	16,649	4,749	20,143	1,280,635

All assets are used within the Charity for the benefit of the charitable purpose.

14. STOCKS

	2021 £	2020 £
Stocks	650	650

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	118,435	115,156
Bad debt provision	(9,463)	-
VAT	-	59,837
Prepayments and accrued income	17,267	26,625
	126,239	201,618

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts (see note 18)	52,620	53,658
Trade creditors	6,768	6,538
Social security and other taxes	13,194	11,037
Other creditors	5,425	4,084
Accruals and deferred income	21,556	10,429
Deferred government grants	15,200	-
	<u>114,763</u>	<u>85,746</u>

Government grant income for the forthcoming academic year is paid up front and subject to potential clawback at the end of the period. The deferred government grant balance represents the monies received which the charity has not yet earned through carrying out its charitable activity, however, at the balance sheet date the directors' believed that all income received had been earned and that there should not be a clawback.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 18)	<u>208,263</u>	<u>255,462</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>52,620</u>	<u>53,658</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>53,328</u>	<u>52,854</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>154,935</u>	<u>158,563</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	-	44,045

The company has two long term loans, one at a fixed rate and one at a variable rate, bearing interest at rates of 3.77% and 2.00% above base rate, respectively.

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

19. SECURED DEBTS

The following secured debts are included within creditors:

	2021 £	2020 £
Bank loans	260,883	309,120

There are two charges in relation to the loan monies outstanding both in favour of Lloyds Bank Plc, one over the property known as Willis House, and the other over all other assets of the Charity.

20. MOVEMENT IN FUNDS

	At 1.8.20 £	Net movement in funds £	Transfers between funds £	At 31.7.21 £
Unrestricted funds				
General Fund	649,396	188,829	16,478	854,703
Capital Reserve	790,973	-	(16,478)	774,495
	1,440,369	188,829	-	1,629,198
TOTAL FUNDS	1,440,369	188,829	-	1,629,198

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	1,362,105	(1,173,276)	188,829
TOTAL FUNDS	1,362,105	(1,173,276)	188,829

Comparatives for movement in funds

	At 1.8.19 £	Net movement in funds £	Transfers between funds £	At 31.7.20 £
Unrestricted funds				
General Fund	567,187	65,730	16,479	649,396
Capital Reserve	807,452	-	(16,479)	790,973
	1,374,639	65,730	-	1,440,369
TOTAL FUNDS	1,374,639	65,730	-	1,440,369

Canto Learning Limited

Notes to the Financial Statements - continued
for the year ended 31 July 2021

20. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	1,088,077	(1,022,347)	65,730
TOTAL FUNDS	<u>1,088,077</u>	<u>(1,022,347)</u>	<u>65,730</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.8.19 £	Net movement in funds £	Transfers between funds £	At 31.7.21 £
Unrestricted funds				
General Fund	567,187	254,559	32,957	854,703
Capital Reserve	807,452	-	(32,957)	774,495
	<u>1,374,639</u>	<u>254,559</u>	<u>-</u>	<u>1,629,198</u>
TOTAL FUNDS	<u>1,374,639</u>	<u>254,559</u>	<u>-</u>	<u>1,629,198</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General Fund	2,450,182	(2,195,623)	254,559
TOTAL FUNDS	<u>2,450,182</u>	<u>(2,195,623)</u>	<u>254,559</u>

Transfers between funds

The Capital Reserve is released over the life of the relating asset, allocating the transfer of fund against the depreciation charge with Unrestricted Funds.

Canto Learning Limited

Notes to the Financial Statements - continued **for the year ended 31 July 2021**

21. EMPLOYEE BENEFIT OBLIGATIONS

The company operates defined contribution, auto enrolment retirement benefit schemes for all its qualifying employees. The total expense charged to profit or loss in the period ended 31st July 2021 was £20,956 (2020: £19,179). The amount owed to the pension schemes at the year-end was £4,134 (2020: £3,628).

22. RELATED PARTY DISCLOSURES

The Director, Mr. A. Billingham, is also a Partner of Clifford Roberts Chartered Accountants, who provided accountancy services to the Charity. Included within accountancy costs are amounts totalling £6,790 paid to Clifford Roberts in respect of accountancy services conducted at arm's length by other members of the firm. At the year-end there was an unsecured credit balance outstanding of £240 (2020: £Nil).

23. AUDITOR LIABILITY LIMITATION AGREEMENT

The company has entered into a liability limitation agreement with its auditors and this agreement was approved by resolution dated 28th February 2022.

Liability is limited to the lesser of 20 times the audit fee or £80,000. In accordance with section 537 of Companies Act 2006, the effect of the liability limitation agreement is to limit the auditor's liability to less than such amount as is fair and reasonable, as determined by that section, the agreement shall have the effect as if it limited the liability to such amount as is fair and reasonable, as so determined.

The agreement limits the liability owed to the company by the auditors in respect of any negligence, default, breach of duty or breach of trust occurring in the course of the audit of the financial statements of the company for the year ended 31st July 2021.

The agreement does not limit liability for any instance of fraud or dishonesty on behalf of the auditor or any other liability that cannot be excluded or restricted by applicable laws or regulations.

24. POST BALANCE SHEET EVENTS

There are no events after the period end that requires reporting on.

25. FINANCIAL RISK MANAGEMENT

The company has some exposure to credit, liquidity and cashflow interest rate risks, these risks are limited by the company's financial management policies and practices described below.

Credit risk

The company offer credit terms to its customers which allows payment of the debt at a future specified time. The company mitigates this risk by maintaining strong customer relationships and regular analysis its sales ledger for troubled customers.

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves and banking facilities. Currently based on the cash reserves this is not deemed a significant risk.

Interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on interest bearing borrowings. Apart from the Long-term loan the company does not have significant interest-bearing assets and liabilities. Fixed rate terms are agreed when considered favourable to mitigate risk.

The company holds no derivative financial instruments at the year end.

Canto Learning Limited

Detailed Statement of Financial Activities
for the year ended 31 July 2021

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	1,520	-	1,520	2,974
Other trading activities				
Fundraising events	-	-	-	152
Clothing income	3,983	-	3,983	611
Tuck shop income	649	-	649	2,537
Avon income	9,031	-	9,031	701
Other income	-	-	-	327
	<hr/> 13,663	<hr/> -	<hr/> 13,663	<hr/> 4,328
Investment income				
Deposit account interest	91	-	91	982
Charitable activities				
Programme income	648,049	-	648,049	300,359
Grants	698,782	-	698,782	719,597
	<hr/> 1,346,831	<hr/> -	<hr/> 1,346,831	<hr/> 1,019,956
Other income				
Other income	-	-	-	59,837
	<hr/> -	<hr/> -	<hr/> -	<hr/> 59,837
Total incoming resources	<hr/> 1,362,105	<hr/> -	<hr/> 1,362,105	<hr/> 1,088,077
EXPENDITURE				
Charitable activities				
Trustees' salaries	71,521	-	71,521	78,388
Trustees' social security	7,434	-	7,434	7,515
Trustees' pension contributions	2,056	-	2,056	2,334
Trustees' expenses	723	-	723	115
Wages	731,761	-	731,761	625,417
Social security	50,552	-	50,552	38,076
Pensions	18,901	-	18,901	16,844
Rates and water	4,771	-	4,771	5,527
Insurance	10,352	-	10,352	15,223
Light and heat	21,384	-	21,384	14,764
Telephone	8,679	-	8,679	6,528
Postage and stationery	8,807	-	8,807	7,897
Advertising	119	-	119	499
Sundries	614	-	614	898
Donations	-	-	-	25
Programme costs	53,708	-	53,708	21,244
School meals	1,649	-	1,649	370
Carried forward	993,031	-	993,031	841,664

This page does not form part of the statutory financial statements

Canto Learning Limited

**Detailed Statement of Financial Activities
for the year ended 31 July 2021**

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Charitable activities				
Brought forward	993,031	-	993,031	841,664
Student travel costs	5,123	-	5,123	266
Repairs to property	51,742	-	51,742	45,109
Waste removal	5,694	-	5,694	4,005
Motor expenses	9,851	-	9,851	5,186
Staff costs and refreshments	22,369	-	22,369	19,336
Computer expenses	5,487	-	5,487	3,966
Irrecoverable VAT	-	-	-	27,787
Bad debts	9,463	-	9,463	-
Freehold property	22,695	-	22,695	22,695
Short leasehold	2,839	-	2,839	2,719
Plant and machinery	5,345	-	5,345	5,494
Fixtures and fittings	5,223	-	5,223	4,864
Motor vehicles	345	-	345	1,187
Computer equipment	5,689	-	5,689	7,270
Loss on sale of tangible fixed assets	3,751	-	3,751	-
	<hr/> 1,148,647	<hr/> -	<hr/> 1,148,647	<hr/> 991,548
Other				
Tuck shop costs	1,527	-	1,527	926
Clothing costs	468	-	468	128
Avon costs	2,129	-	2,129	692
	<hr/> 4,124	<hr/> -	<hr/> 4,124	<hr/> 1,746
Support costs				
Finance				
Bank charges	718	-	718	980
Mortgage	7,897	-	7,897	10,996
	<hr/> 8,615	<hr/> -	<hr/> 8,615	<hr/> 11,976
Governance costs				
Auditors' remuneration	4,000	-	4,000	4,100
Accountancy and legal fees	7,890	-	7,890	12,977
	<hr/> 11,890	<hr/> -	<hr/> 11,890	<hr/> 17,077
Total resources expended	<hr/> 1,173,276	<hr/> -	<hr/> 1,173,276	<hr/> 1,022,347
Net income	<hr/> 188,829	<hr/> -	<hr/> 188,829	<hr/> 65,730

This page does not form part of the statutory financial statements