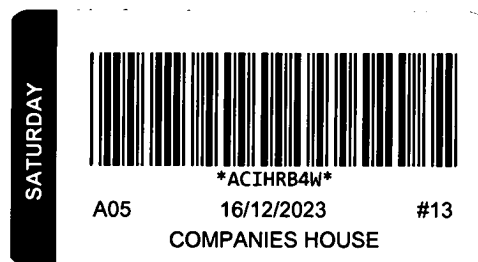




Annual Report and Accounts
for the year ended
31st August 2023



Registered Company Number: 961616

Registered Charity Number: 309639

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

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Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Prep Schools Trust Schools and their Heads



Andrew Boyle



Christine Cook



George May



Bennjamyn Smith



Kate Martin

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Legal and administrative information

Trustees:

Emma McKendrick	F Burkitt (Appointed 1 st Sept 2023)
T J Gibson	W A Donger (Resigned 27 th Sept 2023)
J C Pain	The Countess of Darnley
W H Pitman	J P Spencer
L M E Newcombe	A J Derham
E D Bottari	

Executive Board

Chief Executive:	T Beardmore-Gray
Chief Operating Officer:	K Sandhu
Director of Marketing:	J Fitzroy-Ezzy
Head of HR:	J Wareing

Biographies of the Trustees and Executive Board can be found on the Prep Schools Trust website.

Registered Office: 7 Cothill
Abingdon
Oxon
OX13 6JN

Company Number: 961616

Charity Number: 309639

Professional advisors

Auditor: Wenn Townsend
Chartered Accountants and Statutory Auditor
Oxford

Bankers: Barclays Bank plc
Oxford
Handelsbanken
Oxford

Solicitors: Stone King LLP
Bath

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Introduction from the Chair of Trustees

It is one year since I became Chair of Trustees. It is without doubt an exciting time in the Trust's development.

The Trust invited the Association of Governing Bodies of Independent Schools (AGBIS) to conduct a review of our systems of governance at the end of 2022. We have been encouraged that an authority such as AGBIS has judged that the Trust is well governed. There are nonetheless areas where we can further improve and the Board of Trustees has welcomed the recommendations of AGBIS in this regard. As a result we have formally constituted two sub committees of the Board, Nominations and Governance and Education, taken steps to fill diversity and skills gaps on the Board and initiated further support on safeguarding matters for our schools.



All of our schools have been inspected by teams from the Independent Schools Inspectorate during the past year and we have been delighted to have received the highest ratings in all cases. As an educational charity, the pupils are the focus of all that we do. I am grateful to the staff across our schools who are committed to the provision of the very best education, care and opportunities in line with the Trust's values and ambitions and to all those at Trust office who provide invaluable support to our schools.

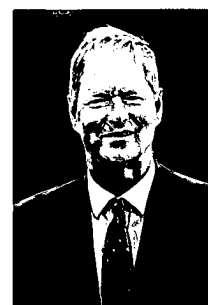
I look forward to working closely with our Trustees and staff in the year ahead.

Emma McKendrick

Message from the Chief Executive

The Trust can be proud of all that has been achieved over the past year. Despite some headwinds, not least high inflation, significant progress has been made in many areas.

Our pupil numbers have remained steady and there has been an encouraging amount of interest in our schools from parents of young children who are starting their educational journey. The threat of the imposition of VAT on school fees and the removal of other charitable reliefs loom large for the sector. Consideration is being given on how best to mitigate the impact of these developments on our schools. We recently undertook a Trust-wide parent survey in order to find out parents' needs and preferences, and also to learn how the current economic climate might be impacting our families.



There is an increasing amount of interest in Prep Schools Trust at a time when many prep school boards of governors are examining how best to secure their futures. We have been very pleased to conclude an agreement for Beeston Hall School to join Prep Schools Trust in January 2024. The values of Prep Schools Trust and Beeston Hall are closely aligned and the inclusion of Beeston Hall School is consistent with our strategy to grow Prep Schools Trust.

Further significant achievements during the year include the completion of the Bailey Sports Centre at Cothill House and a new dining hall and kitchen at Kitebrook. Both of these facilities will significantly enhance the experience of pupils in these schools. Further capital projects at Mowden Hall and Barfield are planned in the year ahead. We are very grateful to donors who have contributed to these projects.

We continue to focus on our staff who deliver the Trust's mission of providing the best education and care for pupils. We recently conducted a staff survey in support of our strategic aim of being an employer of choice and this will help direct resources in the year ahead. We hosted our second Trust Conference, this time at Kitebrook, and welcomed speakers on topical educational issues. A programme of staff leadership training took place during the year and we launched a new employee assistance programme.

The Trust is poised for further growth and ready to support our schools with the challenges that face the whole of the independent school sector in the period ahead.

Tom Beardmore-Gray

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

About us

Objectives and activities

Our mission is to deliver outstanding preparatory education and pastoral care as a family of schools, giving our pupils the opportunity, skills and confidence to prepare them for their future.

The Trust provides support and expertise to our schools in support of this mission. Our ethos is to celebrate individuality and the freedom of childhood; the best traditions of British primary education and deliver exceptional academic teaching and pastoral care as a family of schools.

Each school has its own unique personality but all our schools share consistent values: putting our pupils first; performing to the highest standards; pooling our strengths to collaborate and achieve more; innovating by anticipating change and adapting to it; and looking beyond the school gates to serve the wider local communities.

Most importantly, we prioritise the development of our pupils and we treat each pupil as an individual.

Involvement with local primary schools through the provision of teaching, shared facilities and specialist services is a further important aspect of the Trust's public benefit.

Structure, governance and management

Prep Schools Trust currently operates five prep schools, Cothill House (All boys boarding 8 to 13+), Chandlings (Co-educational day nursery to 11+), Kitebrook Preparatory (Co-educational day nursery to 8+, day and boarding 8 to 13+), Mowden Hall School (Co-educational day nursery to 13+, Co-educational boarding 8 to 13+) and Barfield School (Co-educational day nursery to 11) during the year.

Prep Schools Trust is governed by a Board of Trustees (see page 4 for details) who delegate management responsibility for our schools to the Chief Executive. The Board meets at least four times annually and is assisted by three sub committees, the Finance Committee, the Education Committee and the Nominations Committee.

Each school has a Head Teacher responsible for day to day operations. Regular management meetings are held between the school's senior leadership teams and staff at trust office.

The Board of Trustees comprises experts in education and a range of professional disciplines. Many of our Trustees have sent their own children to Trust schools. Collectively they have a breadth of expertise, experience and knowledge.

Trustees are appointed in accordance with the Memorandum and Articles of Association.

The principal roles of the Trustees are:

- to set the Trust's strategy
- to monitor performance against key performance indicators
- to ensure the Trust has policies that provide adequate internal control and mitigate risk
- to maintain the financial stability of the Trust

Trustees' induction and training

Trustees are briefed on their obligations under charity and company law, the content of the Memorandum and Articles of Association, the Code of Governance, the decision making processes and the strategic plan. Trustees are encouraged to attend appropriate external training events where these will facilitate the performance of their role.

Each school has a Local Advisory Group, which is chaired by a Trustee.

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Strategic report

The Trustees present their report and the audited financial statements of the charity for the year ended 31st August 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees who have served during the year and since the year-end are listed on page 4.

The Board of Trustees sets the strategy for the Trust and focuses on the provision of an outstanding education for pupils in the Trust's schools.

The Trustees have had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under S172.

Achievements and performance

The Trust's performance can be measured by progress against its 6 strategic objectives.

Grow school fee income

School fee income has increased due to pupil increase. The number of pupils during the year was 1,053 (2022: 1,039)

Acquire new Prep schools

Prep Schools Trust announced on 30 October 2023 that Beeston Hall will join the Trust in early 2024. The Trust is considering further opportunities for further growth.

Refine services provided by Trust Office

The Trust is continuously reviewing the level of expertise and service provided to our schools by Trust Office. Trust Office has refined or enhanced its capability in various functions during the year.

Invest in our estate

Each of our schools is working through programmes of work determined by recent condition surveys.

Diversification of income

Further to fundraising successes at Cothill House and Mowden Hall, further fundraising campaigns to support the development of our schools will be planned in the future.

Become an employer of choice in the sector

Following a survey to gain the views of staff across the Trust, various initiatives have been implemented. These include further development of Trust Leadership Forum and the launch of an Employee Assistance Programme. During the coming year we are looking at further benefits we could offer to all employees, for example, a cycle to work scheme. We will also be ensuring staff have suitable spaces for non-contact time.

Financial review

Prep Schools Trust applied its income received during the year to the cost of operating schools at Cothill House, Chandlings, Kitebrook, Mowden Hall and Barfield.

The results for the year are shown in the income and expenditure account on page 15.

The Trust produced a surplus for the year of £24k (2022: surplus of £1,322k).

Payroll costs were 67% of income (2022: 67%).

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Public benefit and social responsibility

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Educational

- The independent sector as a whole provides excellence in "challenging subjects".
- While nationally the number of children studying languages has declined, the Trust continues to teach all children modern foreign languages.
- All children are screened for Special Educational Needs. The provision of specialist support to those identified with needs is in itself a public good.
- The standards of the Trust's education are reviewed annually against national benchmarks and the Trust's educational provision exceeds those benchmarks.
- The Trust uses its own resources to recruit people into the teaching profession, then to induct and train them. They are actively assisted in achieving Qualified Teacher Status, which allows teachers to move to the maintained sector should they wish

Wider community and partnerships

- The Trust is constantly seeking new ways in which to deliver its charitable objects to a young public without regard to wealth, race, religion, social or academic status.
- The Trust's schools have continued to build on links with their local communities and schools in the maintained sector.
- Partnerships and community engagement activities include:
- STEM support for local primary schools by both Mowden Hall and Chandlings;
- Access to facilities for pupils in the maintained sector, for example Chandlings has developed links with Long Furlong School, enabling their Year 4, Year 5 and Year 6 pupils to have weekly swimming lessons at Chandlings swimming pool taught by Chandlings' specialist swimming teachers;
- The Trust schools take an active part in local church life.
- Local residents associations meetings held at Barfield School
- Hosting DfE weekend at Barfield for Farnborough Hill
- Mowden Hall has created a new partnership with WISE Academies

Access to Our Schools

- Bursaries - It is important that access to the education we offer is not restricted only to those who can afford our fees. The Trust has a bursary policy which is reviewed regularly by Trustees. The Trustees are committed to broadening access to the Trust's schools by offering means-tested financial support with the payment of school fees. Bursaries may be awarded in the form of a discount of up to 100% of the tuition fees, depending on the financial circumstances of applicants.
- The Trust supported 24 families with financial help during the year excluding any staff or forces discounts.

Principal risks and uncertainties

Risk is assessed in terms of significant matters which may prevent the Trust from achieving its strategic objectives. The health, safety, welfare and safeguarding of the children in the Trust's care is paramount. The Trustees take this responsibility very seriously, ensuring its policies are appropriate and implemented in each school. The Trustees are aware of the financial risks associated with the Trust's activities and are focused on managing the Trust's financial position and performance.

Risk management

The Trust has established systems which under normal conditions should allow identified risks to be mitigated to an acceptable level in its day to day operations.

Specific risks that have been considered are safeguarding, pupil numbers, cash flow, reputational issues, and uncertain economic and political conditions. A traffic light system alerts Trustees to specific risks and direction of change as they arise and are mitigated.

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Safeguarding

The Trustees are committed to the highest standards of safeguarding and the welfare of the Trust's pupils. All staff and Trustees receive appropriate training on an annual basis and are committed to ensure pupils are protected and enjoy a safe environment.

Reserves policy

The Trustees plan to borrow to invest in the development of the Trust, funding interest and loan repayments out of current income. As is the case with many schools and schools groups, the Trust has no free reserves and it is not anticipated that free reserves will be available in the near future. Reserves are monitored termly by reference to cash flows projected to the end of the academic year and then for a further three years.

Investment policy

The Trust holds no permanent endowment but any temporary surplus cash is held on short term deposits to secure a high rate of interest.

Plans for future periods

The Trust will continue contributing to its schools in accordance with its charitable objectives. The Trust is committed to the wider community and fulfilling its charitable. Further, the Trust will continue to seek opportunities for strategic acquisitions and mergers with other similar educational establishments in order to fulfil its objectives.

Charitable and company status

The Prep Schools Trust is a company which does not have share capital and is limited by the guarantee of the members to a maximum of £1 each. The membership at 31st August 2023 was 10 (2022: 10). The Trust is governed by the Memorandum and Articles of the company.

Fundraising Activities

The Trust continued to enlist the support of a Development Director during the year to raise funds on behalf of the organisation to invest in the development of Trust schools through liaising with school alumni, current and former parents, and other stakeholders. Their work was monitored and guided by the Executive Board in regular meetings and reports were made to the Trustees. The Trust is registered with the Fundraising Regulator and is committed to following the Code of Fundraising Practice. No complaints were received by the Trust regarding these fundraising activities.

Employees

Prep Schools Trust recognises that in order to achieve our goal of being the best prep schools group in the UK, we must develop and invest in our people. Attracting and retaining able and committed staff is a key objective.

We believe in fostering an environment where staff feel valued and empowered to contribute their very best and develop to their full potential.

Fair consideration is given to any applications for employment from registered disabled persons, with due regard to their aptitudes and abilities. Disabled employees are given equal opportunity with regards to career development and promotion, as well as ongoing training needs. Sympathetic consideration is given to the retention of any newly disabled employee, including affording, if required, a period of rehabilitation and training.

The Trust strives to enhance diversity and has an action plan targeted at narrowing the gender pay gap.

Key Management Personnel Remuneration

The Trustees consider the Chief Executive, the Chief Operating Officer, the Director of Marketing, the Head of HR and Head of each Trust School to be the key management personnel of the charity. The remuneration of the key management personnel is reviewed annually.

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Governance of Environmental and Sustainability issues

Prep Schools Trust is committed both to its staff leading by example and to educating its pupils about environmental and sustainability issues. Each school has devised policies and objectives. During the reporting year 2022-23 a range of sustainability actions were implemented to the facilities including the following:

- Installation of solar panels on the new Dining Room at Kitebrook and new Sports Centre at Cothill House.
- Replacement boilers in the main plant room at Chandlings.
- An improved cover on the pool at Barfield to improve efficiency.
- Repairs on the roof and guttering at Mowden Hall on the Performing Arts building.
- Continued phased replacements of LED lighting and implementation of motion sensors across the schools.
- An action plan to reduce emissions over the coming years includes the continuation of a phased programme of replacement LED lighting and improvements to the insulation of the buildings through improvements to windows, doors and roof spaces.

Greenhouse gas emissions, energy consumption and energy efficiency

Emissions of carbon dioxide equivalent during the year ended 31st August 2023 (CO₂e (tonnes)) were as follows:

	2023	2022
Combustion of Gas (natural and LPG)	1,601.85	1,859.46
Consumption of fuel for the purposes of Transport	54.70	32.82
Consumption of Oils for Heating and Hot water	431.96	496.03
Purchase of Electricity	58.79	64.52
Use of Water	15.97	11.02
Total	2,163.27	2,463.85
Number of Pupils	1,053	1,039
Intensity ratio (Total/Pupil numbers)	2.05	2.37

The largest proportion of energy use and associated emissions arise from gaseous fuel combustion, primarily for heating and hot water as expected. The second largest proportion of energy use and associated emissions arises from electricity usage, primarily for lighting, kitchen equipment and IT.

The Trust continues to enlist the services of an external contractor to identify and advise on how schools can be more efficient in their use of energy.

Third party indemnity provisions

The Trust has in place directors' and officers' liability insurance for the purpose of indemnifying the Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This insurance was in force during the year, and is in force as at the date of approving this report.

Statement of Trustees' responsibilities

The Trustees (who are also directors of Prep Schools Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

of resources, including the income and expenditure, of the charitable company for the 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 2019 (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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In approving the Trustees' Annual Report, the Trustees also approve the Strategic Report included therein, in their capacity as company directors.

Signed on behalf of the Board



E E A McKendrick
Chair of the Trustees

5th December 2023

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Independent Auditor's Report to the members of Prep Schools Trust

Opinion

We have audited the financial statements of Prep Schools Trust (the 'charitable company') for the year ended 31st August 2023 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Independent Auditor's Report to the members of Prep Schools Trust (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement set out on page 8, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in accounting and HR functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

Prep Schools Trust
Report of the Trustees (including the Strategic Report)
For the year ending 31st August 2023

Independent Auditor's Report to the members of Prep Schools Trust (continued)

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Performing detailed audit work over the risk of timing issues within the recognition of both fee and non-fee income and the override of controls in this area by management, in particular with regards to fee concessions awarded. This included full reconciliations of fee income recognised compared to student numbers and fee rates, as well as detailed substantive testing of concessions awarded on fees, and non-fee income arising in the period.

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

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

Use of our report

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



Andrew Rodzynski FCA (Senior Statutory Auditor)

For and on behalf of Wenn Townsend, Chartered Accountants, Statutory Auditor
Oxford

5th December 2023

Prep Schools Trust

**Statement of Financial Activities (including income and expenditure account)
for the year ended 31st August 2023**

	Note	Continued Operations £'000	Discontinued Operations £'000	Unrestricted Funds £'000	Restricted Funds £'000	2023 Total £'000	Continued Operations £'000	Discontinued Operations £'000	2022 Total £'000
Income and endowments from:									
Income from charitable activities									
Fees	2	19,481	-	19,481	-	19,481	18,482	-	18,482
Other educational income	3	810	-	810	-	810	800	-	800
Ancillary income	4	351	-	351	-	351	251	-	251
Donations and grants	5	3	-	3	587	590	968	-	968
Other income									
Gain on disposal of property	11	4	-	4	-	4	-	-	-
Total income		20,649	-	20,649	587	21,236	20,501	-	20,501
Expenditure on:									
Raising funds									
Overdraft and loan interest and fees		45	-	45	-	45	43	-	43
Fee composition discount		4	-	4	-	4	(1)	-	(1)
Other development costs		22	-	22	-	22	24	-	24
		71	-	71	-	71	66	-	66
Charitable activities	6	21,107	-	21,107	34	21,141	19,046	35	19,081
Other expenditure									
Loss on disposal	11	-	-	-	-	-	19	13	32
Total expenditure		21,178	-	21,178	34	21,212	19,131	48	19,179
Net income/(expenditure)		(529)	-	(529)	553	24	1370	(48)	1,322
Other recognised (losses)/gains		-	-	-	-	-	-	-	-
Net movement in funds		(529)	-	(529)	553	24	1370	(48)	1322
Reconciliation of funds									
Balances brought forward at 1 st September 2022				32,088	3,327	35,415			34,093
Balances carried forward at 31 st August 2023				<u>31,559</u>	<u>3,880</u>	<u>35,439</u>			<u>35,415</u>

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

Prep Schools Trust

Balance Sheet
31st August 2023

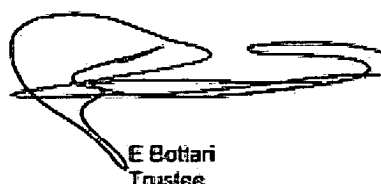
	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	11	40,846	35,668
Investments	12	-	-
		<u>40,846</u>	<u>35,668</u>
Current assets			
Stock	13	115	104
Debtors	14	597	332
Cash at bank and in hand		2,984	4,464
		<u>3,696</u>	<u>4,900</u>
Creditors: Amounts falling due within one year	15	<u>(8,189)</u>	<u>(4,401)</u>
Net current assets		<u>(4,493)</u>	<u>499</u>
Total assets less current assets		<u>36,353</u>	<u>36,167</u>
Creditors: Amounts falling due after one year	16	<u>(914)</u>	<u>(752)</u>
Net assets		<u><u>35,439</u></u>	<u><u>35,415</u></u>
Funds			
Unrestricted funds			
Revaluation reserve	19	15,433	15,526
Income and expenditure account	19	16,096	16,532
Designated fund	19	30	30
		<u>31,559</u>	<u>32,088</u>
Restricted funds			
Restricted donations	19	<u>3,880</u>	<u>3,327</u>
		<u><u>35,439</u></u>	<u><u>35,415</u></u>

The financial statements were approved and authorised by the Board on 5th December 2023.

Signed on behalf of the Board



E E A McKendrick
Trustee



E Botiani
Trustee

The notes on pages 21 to 32 form part of these financial statements.

Prep Schools Trust
Cash Flow Statement
for the year ended 31st August 2023

Reconciliation of net income to net cash inflow from operating activities:

	2023 £'000	2022 £'000
Net income for year	24	1,322
Interest payable	45	43
Impairment/depreciation of tangible fixed assets	475	517
(Gain)/Loss on disposal of tangible fixed assets	(4)	32
(Increase)/Decrease in stocks	(11)	(22)
(Increase)/Decrease in debtors	(266)	(57)
(Increase)/Decrease in accrued income for sale of property	-	5,877
Increase in creditors	1,239	611
New fees in advance	285	55
Fees in advance applied in year	(74)	(173)
Fees in advance refunded in year	-	(16)
Fee composition discount	4	(1)
(Losses) arising from changes in foreign exchange rates	-	-
Cash flow from operating activities	1,717	8,188
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(5,653)	(2,122)
Receipts from sale of tangible fixed assets	5	(9)
Amounts received from sale of tangible fixed assets	-	-
Net cash flow from investing activities	(5,648)	(2,131)
Cash flow from financing activities:		
Receipts from issue of new long term loans	2,500	
Interest paid	(49)	(42)
Net cash flow from financing activities	(2,451)	(42)
Increase in cash and cash equivalents	(1,480)	6,015
Cash and cash equivalents at 1st September 2022	4,464	(1,551)
Cash and cash equivalents at 31st August 2023	2,984	4,464
Cash and cash equivalents consist of:		
Cash at bank and in hand	2,984	4,464
Overdrafts-	-	-
Cash and cash equivalents at 31st August 2023	2,984	4,464

Prep Schools Trust
Notes to the Accounts
for the year ended 31st August 2023

1. Summary of significant accounting policies

General information and basis of preparation

Prep Schools Trust is a charitable company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are included in the Trustees' Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with:

- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019;
- The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- The Charities Act 2011;
- The Companies Act 2006; and
- UK Generally Accepted Accounting Practice.

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 prepared in sterling which is the functional currency of the charity and rounded to the nearest £000.

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.

The Trust identifies each school as representing a separate geographical area of operations. As such, in the event of the closure of a school, this is considered to be a discontinued operation. Ashdown House closed during the prior year. The income and expenditure directly attributable to this site is disclosed as discontinued operations on the face of the SoFA in accordance with the requirements of section 5 of FRS 102.

Funds

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 is charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income recognition

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.

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2023

1. Summary of significant accounting policies (continued)

Income recognition (continued)

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).

Expenditure recognition

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. It is categorised under the following headings:

- Costs of raising funds includes of interest paid and fee composition discounts;
- Expenditure on charitable activities includes the operating costs of the schools in the Trust; and
- Other expenditure represents those items not falling into the categories above.

VAT is charged as an expense against the activity for which expenditure arose.

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 and payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. 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.

The analysis of these costs is included in note 6.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Land, historic and residential buildings	Nil
Freehold buildings – school buildings/additions	2% Straight line
Assets under the course of construction	Nil
Computer equipment	14-33.33% Straight line
Other equipment, fixtures and fittings	5-20% Straight line
Vehicles	10-25% Straight line

Investments

Investments in subsidiaries are measured at cost less impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2023

1. Summary of significant accounting policies (continued)

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.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

Foreign currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Tax

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.

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 authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Group accounts

The Charity does not prepare group accounts as its subsidiary entities are deemed immaterial to the group.

Prep Schools Trust
Notes to the Accounts (continued)
for the year ended 31st August 2023

2. School fees

	2023 £'000	2022 £'000
Fees	20,606	19,394
Discounts and awards	(1,125)	(912)
	<u>19,481</u>	<u>18,482</u>

None of the above income was attributable to restricted funds in either period.

3. Other educational income

	2023 £'000	2022 £'000
Music tuition and associated income	52	57
Extra tuition	204	157
Occasional boarding and summer lets	318	344
Other income	236	242
	<u>810</u>	<u>800</u>

None of the above income was attributable to restricted funds in either period.

4. Ancillary income

	2023 £'000	2022 £'000
Other income	351	251
	<u>351</u>	<u>251</u>

None of the above income was attributable to restricted funds in either period.

5. Donations and grants

	2023 £'000	2022 £'000
Donations	590	968
	<u>590</u>	<u>968</u>

Donations include £587k (2022: £963k) attributable to restricted funds.

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2023**

6. Charitable activities

	Staff Costs £'000	Other Costs £'000	2023 Total £'000	2022 Total £'000
Teaching	10,533	1,420	11,953	10,896
Welfare	1,059	1,831	2,890	2,538
Premises	620	2,771	3,391	3,108
Support costs of education	1,938	970	2,908	2,539
	<u>14,150</u>	<u>6,992</u>	<u>21,142</u>	<u>19,081</u>

£34k (2022: £12k) of the above expenditure was attributable to restricted funds.

The major components of support costs include:-

	2023 £'000	2022 £'000
Administrative staff costs	1,902	1,625
Postage, stationery, telephone and other administrative costs	297	236
Advertising for staff and promotion	195	188
Bad debts	(7)	(3)
Legal and professional fees	389	368
Recruitment fees	67	69
Bank charges	4	1
Governance costs (see note 7)	61	55
	<u>2,908</u>	<u>2,539</u>

7. Governance costs

	Staff Costs £'000	Other Costs £'000	2023 Total £'000	2022 Total £'000
Staff	36	-	36	32
Audit	-	25	25	23
	<u>36</u>	<u>25</u>	<u>61</u>	<u>55</u>

Prep Schools Trust
Notes to the Accounts (continued)
for the year ended 31st August 2023

8. Staff costs and employee benefits

	2023	2022
	£'000	£'000
Staff costs		
Wages and salaries	11,909	10,856
Social security costs	1,038	975
Pensions	1,203	1,119
	<u>14,150</u>	<u>12,950</u>

	2023	2023	2022	2022
	FTE	Number	FTE	Number
Average number employed including Trustees:				
Trustees	10	10	11	11
Teachers	225	339	218	324
Household	44	68	39	61
Administration	55	58	52	65
	<u>334</u>	<u>475</u>	<u>320</u>	<u>461</u>

Number of employees who received total employee benefits (excluding employer pensions costs but including termination costs) of more than £60,000 is as follows:

	2023	2022
£ 60,001 - £ 70,000	2	4
£ 70,001 - £ 80,000	1	-
£ 80,001 - £ 90,000	1	-
£ 90,001 - £100,000	-	2
£100,001 - £110,000	2	-
£110,001 - £120,000	-	2
£120,001 - £130,000	2	-
£140,001 - £150,000	1	-
£150,001 - £160,000	1	-
£170,001 - £180,000	-	1
£180,001 - £190,000	1	-
	<u>1</u>	<u>-</u>

Total termination payments during the year amount to £298k (2021: £273k). These are recognised in expenditure when settlement agreements are reached.

Pension schemes

The Trust participates in the Aviva Pension Trust for Independent Schools ("APTIS") for its teaching staff. The pension charge for the year includes contributions payable to APTIS of £983k (2022: £925k).

APTIS is a defined contribution pension scheme developed by Aviva in association with the Independent Schools' Bursars Association. Members contribute on a "pay as you go" basis with contributions also made by the Trust.

Non-teaching staff are offered membership of defined contribution pension schemes. The pension charge for the year includes contributions of £220k (2022: £193k).

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2023

9. Trustees and key management personnel remuneration and expenses

The Trustees neither received nor waived any remuneration during this or last year.

The total amount of employee benefits received by key management personnel is £1,042k (2022: £939k). The Trustees consider its key management personnel during the period comprised the Board of Trustees, the Chief Executive, the Chief Operating Officer (previously Director of Finance and Operations), and the Head of each Trust school.

Five Trustees were reimbursed for travel expenses totalling £3,975 (2022: five reimbursed for travel expenses totalling £1,567) during the year.

10. Net resources expended

		2023 £'000	2022 £'000
Results for the year are stated after charging:			
Depreciation:	owned assets	475	517
Auditor's fees:	audit work	25	23
	non-audit work	1	2
Operating leases:	equipment	-	9
	motor vehicles	92	63
Net loss on foreign currency translations		<u>-</u>	<u>-</u>

Prep Schools Trust

Notes to the Accounts (continued)
for the year ended 31st August 2023

11. Tangible fixed assets

	Vehicles £'000	Computers £'000	Fixtures, Fittings & Equipment £'000	Freehold Land & Buildings £'000	Assets under the course of construction £'000	Total £'000
1st September 2022	162	312	1,848	37,006	1,889	41,217
Additions	-	-	-	-	5,653	5,653
Disposals	(2)	-	-	-	-	(2)
Reallocation	-	-	15	-	(15)	-
31st August 2023	160	312	1,863	37,006	7,527	46,868
Depreciation and impairments						
1st September 2022	125	255	1,149	4,020	-	5,549
Depreciation	7	23	92	353	-	475
Disposals	(2)	-	-	-	-	(2)
31st August 2023	130	278	1,241	4,373	-	6,022
Net book value						
31st August 2023	30	34	622	32,633	7,527	40,846
31st August 2022	37	57	699	32,986	1,889	35,668

The Trustees elected, in accordance with Section 35.10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation, as their deemed cost and it is the company's policy not to revalue fixed assets. The surplus of a previous revaluation over cost had been credited to a revaluation reserve which now stands at £15.4m (Note 19). The original purchase price (historic cost) is £14.4m.

Tangible fixed assets with a net book value of £7,321k (2022: £1,173k) have been pledged as security for liabilities of the charity.

No properties were sold by the Trust during the year.

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2023**

12. Fixed asset investments

	Unlisted Investments £
Cost	
1st September 2022	100
31st August 2023	<u>100</u>
Provision against diminution of value	
1st September 2022	100
31st August 2023	<u>100</u>
Net book values	
At 31st August 2023	<u>-</u>
At 31st August 2022	<u>-</u>

The Trust owns 100% of the allotted share capital of the following undertaking:

	Country of registration	Class of share capital	Nature of business	Capital and reserves at 2023 £	Profit for year 2023 £
PST Enterprises Limited	England and Wales	Ordinary	Events	<u>124,317</u>	<u>124,217</u>

13. Stocks

	2023 £'000	2022 £'000
Stock - consumables	<u>115</u>	<u>104</u>

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2023**

14. Debtors

	2023 £'000	2022 £'000
Trade debtors	113	130
Other debtors	6	6
Prepayments and accrued income	478	196
	<u>597</u>	<u>332</u>

15. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loan	2,500	-
Trade creditors	3,287	3,251
Other taxation and social security	266	259
Other creditors	592	421
Accruals and deferred income	1,544	470
	<u>8,189</u>	<u>4,401</u>

Trade creditors include £2,260k (2022: £2,521k) in respect of fees received in advance for Autumn 2023 term, and £45k (2022: £53k) for academic years 2023/24 onwards.
The bank loan is secured - see note 17 for details.

16. Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Other creditors	914	752
	<u>914</u>	<u>752</u>

Other creditors include £153k (2022: £30k) for fees received in advance for academic years 2022/23 onwards under the fees in advance scheme.

17. Bank overdraft, loan facility and loans

The bank loan of £2.5m has an interest rate of 1.65% over the Base Rate

The Trust's bank borrowings are secured by a debenture and fixed charge over some of its freehold property and land.

Prep Schools Trust

Notes to the Accounts (continued) for the year ended 31st August 2023

18. Deferred income under the fees in advance scheme

During the year, fees amounting to £285k (2022: £55k) were received in advance for pupils for future years. Fees released to income amounted to £74k (2022: £173k) and £nil (2022: £16k) were refunded to parents. Fee composition discounts of £4k (2022: -£1k) were charged to expenditure.

All amounts owing at 31st August 2023 are shown as liabilities in notes 15 and 16.

19. Funds

	Restricted donations fund £'000	Designated fund £'000	Revaluation reserve £'000	Income and expenditure £'000	Total £'000
At 1 st September 2021	2,376	30	15,619	16,068	34,093
Surplus/(deficit) for the year	951	-	-	371	1,322
Transfers between funds	-	-	(93)	93	-
At 31 st August and 1 st September 2022	3,327	30	15,526	16,532	35,415
Surplus/(deficit) for the year	553	-	-	(529)	24
Transfers between funds	-	-	(93)	93	-
At 31 st August 2023	3,880	30	15,433	16,096	35,439

The restricted donations fund balance carried forward includes monies raised for a sports hall at Cothill £3,617k which achieved practical completion on 2nd September 2023(2022: £3,294k).

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2023**

20. Analysis of net assets between funds

	Restricted donations fund £'000	Designated fund £'000	Revaluation reserve £'000	Income and expenditure £'000	Total 2022 £'000
Fund balances at 31 st August 2023 are represented by:					
Tangible fixed assets	3,617	-	15,433	21,796	40,846
Net current assets/(liabilities)	263	30	-	(4,786)	(4,493)
Long term liabilities	-	-	-	(914)	(914)
At 31 st August 2023	<u>3,880</u>	<u>30</u>	<u>15,433</u>	<u>16,096</u>	<u>35,439</u>
	Restricted donations fund £'000	Designated fund £'000	Revaluation reserve £'000	Income and expenditure £'000	Total 2021 £'000
Fund balances at 31 st August 2022 are represented by:					
Tangible fixed assets	1,847	-	15,526	18,295	35,668
Net current assets/(liabilities)	1,480	30	-	(1,009)	499
Long term liabilities	-	-	-	(752)	(752)
At 31 st August 2022	<u>3,327</u>	<u>30</u>	<u>15,526</u>	<u>16,532</u>	<u>35,415</u>

21. Related party transactions

Mr T Beardmore-Gray, Chief Executive, is a Director of the Association of Governing Bodies of Independent Schools. During the year to 31st August 2023, payments made to the Association of Governing Bodies of Independent Schools amounted to £10,464 (2022: £635). There was nothing outstanding at the year end (2022: £635).

Prep Schools Trust

**Notes to the Accounts (continued)
for the year ended 31st August 2023**

22. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

Expiring:

	2023 £'000	2022 £'000
Within one year	99	73
Within two and five years	195	131
	<u>294</u>	<u>204</u>

23. Future capital commitments

	2023 £'000	2022 £'000
Expenditure authorised and contracted for	-	3,876
	<u>-</u>	<u>3,876</u>

24. Events after the end of the Period

An agreement that Beeston Hall School is to join Prep Schools Trust by way of charitable merger was announced on 30 October 2023. Beeston Hall School is a co-educational independent day and boarding preparatory school in Norfolk, England.

This agreement after the year end does not impact the carrying value of assets or liabilities reflected on the balance sheet or require recognition of new assets or liabilities. Completion for this merger is due to take place in early 2024.