

Audited Financial Statements
for the Year Ended
31 August 2019

for

Heart of Birmingham Vocational College
Limited

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

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for the Year Ended 31 August 2019

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Report of the Trustees
for the Year Ended 31 August 2019

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 August 2019. 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 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our mission

To provide an inspirational learning environment for person centred vocational education in a community-based setting, enabling learners to achieve exceptional outcomes.

Our vision

To empower our learners to prepare themselves for the next stage of their adult lives by providing them with transferrable skills that enable them to become purposeful independent individuals and to find their place in their community.

Our values

Openness - we use a simple, open and honest approach

Determination - we are determined to raise expectations and awareness, internally and externally

Excellence - we aim for excellence in all of our teaching and learning

Progress - we strive to develop the skills and knowledge of our learners and staff

Respect - we recognise the value of each individual by promoting equality and diversity for all

Empowerment - we empower our learners to meet their aspirations through learner led teaching and coaching

OUR OBJECTIVES

The charity's objectives are such charitable purposes for the public benefit as are exclusively charitable according to the laws of England and Wales as the Directors may from time to time determine in particular but not exclusively by the provision of education.

o Promoting social inclusion amongst people who are socially excluded by providing them with opportunities for training, employment or social interaction, in order to relieve their need or assist them to integrate into society. For the purposes of this object, 'socially excluded' means people who are excluded from society, or parts of society, as a result of one or more of the following factors:

- o Special Educational needs
- o Disability
- o Poor Education
- o Poor skills attainment

o Advancing health by promoting and protecting the health, moral, confidence, well-being, skills and abilities for people who are deemed vulnerable; and

o Promoting for the benefit of the inhabitants of Birmingham and the surrounding area the provision of facilities by reason of their age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

OBJECTIVES AND ACTIVITIES

Significant activities

Learner numbers

Our learner numbers have grown year on year since we were established in 2014:

2014/2015: 8 learners

2015/16: 28 learners

2016/2017: 39 learners

2017/2018: 52 learners

2018/2019: 63 learners

What we do:

Our curriculum is delivered through practical sessions which are learner led - learning through meaningful, realistic, hands-on activities that will equip our learners for the future they want. All our learners will be able to make important choices about their own learning and about the direction they want their life to go in.

Threaded through each individual programme is -

- o Continued support with functional skills - English, maths and ICT
- o Fully supported individual communication needs
- o Extensive support and clear strategies to assist with emotional development

ACHIEVEMENT AND PERFORMANCE

Inspiring business partnerships leading to good work opportunities and paid employment for learners

Wide-ranging external work placements with 82% of learners accessing meaningful external work placements during 2018 - 2019

Excellent community enrichment programmes with partners, including Birmingham and Black Country Wildlife Trust, The Priory Tennis Club, Birmingham City University, Midland Mencap Bike Riding, Martineau Gardens, Can-do Project, People in Partnership and The Football Association

Expansion of our Supported Internship programme leading to learners securing paid and voluntary employment

Additional campus to enable a wider cohort of learners to attend HBVC, working in partnership with Upward Care Ltd

Establishing positive links with feeder schools in the wider community, and across Local Authorities

The overall effectiveness of the college is good. A highly effective quality improvement plan is used across the organisation. During 2018-19 college leaders have responded to challenging external factors, there has been a considerable and detailed focus on the college's strategic route.

A strong overview of the college's financial position has been crucial work for the governors and college leaders. Continuous monitoring of the college finances remains at the forefront for Governors and college leaders.

FINANCIAL REVIEW

Our Finances

Most of the college's income is obtained from the EFSA or local authority. The use of these funds is not restricted to a particular purpose. During the year to 31 August 2019, the college received total income of £1,522,568 (2018: £1,240,017) and incurred total expenditure of £1,653,669 (2018: £1,325,088). The deficit of income against expenditure was £131,101 (2018: £85,071).

At 31 August 2019 the net book value of fixed assets was £69,645 (2018: £367,740) and movements in tangible fixed assets are shown in note 11 to the financial statements.

FINANCIAL REVIEW

Reserves policy

The trustees review the level of reserves held by the charity annually. This review encompasses the nature of income and expenditure streams, the need to match commitments and the nature of reserves. The trustees believe they need to have sufficient funds to allow them to meet obligations arising and to cover any future changes in the level of funding received from the EFSA or local authority. As at 31 August 2019 reserves totalled £249,585 comprising £319,230 unrestricted funds less £69,645 held as fixed assets (2018: £82,591 comprising £450,331 unrestricted funds less £367,740 held as fixed assets). Having carefully considered the expected income and expenditure of the college for the future, the trustees feel that no more than 10% of annual income should be retained as unrestricted funds at the period end. The trustees have reviewed the current level of reserves, which is above (2018: below) the 10% guideline. The trustees expect that developments in the new year will help the charity progress towards meeting the guideline.

Investments and Maintenance

HBVC opened new premises in June 2019, this was a much-needed investment for the college and will enable our cohort of learners to be more varied and increase in numbers.

FUTURE PLANS

The Directors intend to continue their current strategies of maintaining the college's position in a competitive market by investing to provide high quality education for our learners. The Principal, senior leaders and staff continue to review the curriculum to ensure that the programmes remain appropriate for our learners' development. Our future plans will be financed primarily from the ESFA and Birmingham City Council.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, its articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The Trustees of HBVC are also the Directors of the charitable company for the purposes of company law.

Members liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees

Trustees are appointed in accordance with the articles of association of the Charity. Details of the trustees who served throughout the year and the registered office are included in the Reference and Administrative Details section of this report.

Subject to the articles of association, a Trustee appointed by the members shall hold office for a term of up to three years from the date of his or her appointment. One third (or the number nearest to one third) of the Trustee must retire each year, those longest in office retiring first and the choice between any of equal service being made by drawing lots.

A Trustee may serve a maximum of three terms, of up to three years per term. A Trustee who has completed three continuous terms of service as a Trustee will not be eligible to be re-appointed as a Trustee until one year after his/her retirement. In this Article 'year' means the period between one AGM and the next.

Trustee inductions are individually tailored to meet the needs of each Trustee. External Trustee training is offered to all Trustees who are new to such a role covering topics such as duties of Trustees under company and charity law, governance and effective interpersonal relationships. Trustees who have previously undertaken Trustee training are invited to undertake a refresher course. Training needs will be assessed individually on an annual basis going forwards.

The Charity is governed by the Trustees who met for meetings during the year. Decisions are taken collectively with questions arising at meetings decided by a majority of votes. The Chair of Trustees has a second or casting vote in the event of an equality of votes.

Financial

The Trustees give of their time freely, the pay and remuneration of the Principal and Senior Leadership Team is set by the Trustees and is kept under annual review.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Directors determine the general policy of HBVC. The day to day running of HBVC is passed on to the Principal, supported by the Senior Leadership Team. The Principal undertakes the key leadership role overseeing educational, pastoral and administrative, including financial, tasks and duties in consultation with the Senior Leadership Team.

The Principal oversees the recruitment of all staff. The Principal attends Directors' meetings.

Related parties

HBVC is a member of Natspec, which gives us the opportunity to share expertise, knowledge and experience, and seek advice and guidance across the Independent Specialist College sector.

Risk management

The Directors are responsible for the overseeing of the risks faced by the College. Detailed considerations of risk are delegated to the Senior Leadership Team. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis. Risk is managed under the headings of financial sustainability, college safety, learner welfare, employment, college trips and events and community access. The main risks that the Directors have identified and the plans to manage those risks are:

- o Status - upholding our reputation as a good educational provider
- o Finances - sufficient funds to allow the college to function
- o Core curriculum - a holistic approach to a meaningful and challenging curriculum

GOING CONCERN

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the HBVC has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

PUBLIC BENEFIT

The Directors have considered the Charity Commission's requirement in respect of public benefit. In their view, the charity meets, in full, the criteria to satisfy the test. The Directors' annual report describes the activities undertaken to further its charitable purposes for the public benefit.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

09019610 (England and Wales)

Registered Charity number

1157785

Registered office

328-332 Bromford Lane
Washwood Heath
Birmingham
B8 2SD

Heart of Birmingham Vocational College
Limited

Report of the Trustees
for the Year Ended 31 August 2019

Trustees

C Bennett (resigned 29.10.19)
E A Morgan
S M Griffiths (appointed 17.10.18)
J Lawrence (appointed 30.11.18)
Z Bhatti (resigned 24.1.20)
R J Gower

Clerk to the Trustees

C Vallance

Principal

E Clark

Auditors

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Bankers

HSBC
96 High Street
Kings Heath
Birmingham
B14 7LD

Insurance Brokers

MAIG Insurance
0121 704 8411

Website

www.hbvc.ac.uk

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Heart of Birmingham Vocational College Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

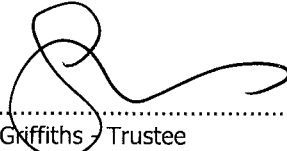
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

AUDITORS

The auditors, Nicklin Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on28/5/20..... and signed on its behalf by:


.....
S M Griffiths - Trustee

Opinion

We have audited the financial statements of Heart of Birmingham Vocational College Limited (the 'charitable company') for the year ended 31 August 2019 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 August 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; 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.

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.

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.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Nicklin Audit Limited

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Date:28/5/20.....

Heart of Birmingham Vocational College
Limited

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2019

	Notes	2019 Unrestricted fund £	2018 Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	3	60,449	38,307
Charitable activities	4		
Education		1,462,119	1,201,710
Total		<u>1,522,568</u>	<u>1,240,017</u>
EXPENDITURE ON			
Charitable activities	5		
Education		1,653,669	1,325,088
NET INCOME/(EXPENDITURE)		<u>(131,101)</u>	<u>(85,071)</u>
RECONCILIATION OF FUNDS			
Total funds brought forward		450,331	535,402
TOTAL FUNDS CARRIED FORWARD		<u><u>319,230</u></u>	<u><u>450,331</u></u>

The notes form part of these financial statements

	Notes	2019 Unrestricted fund £	2018 Total funds £
FIXED ASSETS			
Tangible assets	11	69,645	367,740
CURRENT ASSETS			
Debtors	12	51,468	57,920
Investments	13	263,500	-
Cash at bank		84,424	180,013
		<u>399,392</u>	<u>237,933</u>
CREDITORS			
Amounts falling due within one year	14	(149,807)	(99,202)
NET CURRENT ASSETS		<u>249,585</u>	<u>138,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		319,230	506,471
CREDITORS			
Amounts falling due after more than one year	15	-	(56,140)
NET ASSETS		<u>319,230</u>	<u>450,331</u>
FUNDS	17		
Unrestricted funds		319,230	450,331
TOTAL FUNDS		<u>319,230</u>	<u>450,331</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2019.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.


These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

Heart of Birmingham Vocational College
Limited

Balance Sheet - continued
31 August 2019

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on28/5/20.....
and were signed on its behalf by:


.....
S M Griffiths - Trustee

The notes form part of these financial statements

Heart of Birmingham Vocational College
Limited

Cash Flow Statement
for the Year Ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(67,743)	20,193
Net cash (used in)/provided by operating activities		(67,743)	20,193
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,166)	(26,399)
Net cash used in investing activities		(3,166)	(26,399)
Cash flows from financing activities			
Loan repayments in year		(21,668)	(64,000)
Interest paid		(3,012)	(4,011)
Net cash used in financing activities		(24,680)	(68,011)
Change in cash and cash equivalents in the reporting period		(95,589)	(74,217)
Cash and cash equivalents at the beginning of the reporting period		180,013	254,230
Cash and cash equivalents at the end of the reporting period		84,424	180,013

The notes form part of these financial statements

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

	2019 £	2018 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(131,101)	(85,071)
Adjustments for:		
Depreciation charges	37,761	37,128
Interest paid	3,012	4,011
Decrease in debtors	6,452	80,416
Increase/(decrease) in creditors	16,133	(16,291)
Net cash (used in)/provided by operations	<u>(67,743)</u>	<u>20,193</u>

1. CHARITABLE COMPANY INFORMATION

The Heart of Birmingham Vocational college Limited is a private limited charitable company limited by guarantee not having share capital, incorporated and domiciled in England and Wales. The registered office is 19a Cato Street, Nechells, Birmingham, B7 4TS.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not believe there are any assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation and apportionment of costs

All costs are allocated between expenditure categories in the Statement of Financial Activities on a basis designed to reflect the use of the resource.

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	- 3% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

Taxation

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme and the Local Government Pension Scheme. These are defined benefit schemes. As stated in Note 17 the Teachers' Pension Scheme is a multi-employer scheme and there is insufficient information to use defined benefit accounting. Only a minority of the charity's employees are in the Local Government Pension Scheme and consequently no formal valuation of the scheme liability has been obtained for these financial statements. Both schemes are therefore treated as defined contribution schemes for accounting purposes and the contributions payable are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade debtors and trade creditors and loans from connected companies. These debt instruments are measured at the amount of the cash or other consideration expected to be received or paid.

3. DONATIONS AND LEGACIES

	2019 £	2018 £
Parental donations	48,511	36,624
Other income	11,938	1,683
	<u>60,449</u>	<u>38,307</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2019 £	2018 £
ESFA income	Education	660,094	489,631
Local authority income	Education	759,737	712,079
Dept of education	Education	18,270	-
Dept for work & pensions	Education	24,018	-
		<u>1,462,119</u>	<u>1,201,710</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Education	<u>1,314,421</u>	<u>339,248</u>	<u>1,653,669</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

6. SUPPORT COSTS

Education	Other £ 339,248
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Support costs, included in the above, are as follows:

Other

	2019	2018
	Education	Total activities
	£	£
Education	339,248	330,483

7. NET INCOME/(EXPENDITURE)

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

	2019	2018
	£	£
Depreciation - owned assets	37,761	37,128
Auditor's fees - statutory audit	6,600	6,600
Auditor's fees - other financial services	-	16,548

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2019 nor for the year ended 31 August 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2018 (2017: £75).

9. STAFF COSTS

	2019	2018
	£	£
Wages and salaries	930,208	558,130
Social security costs	85,321	50,134
Other pension costs	142,241	76,940
	1,157,770	685,204

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

	2019	2018
Total	36	21

One employee received emoluments in excess of £60,000 (2018: None).

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	38,307
Charitable activities	
Education	1,201,710
Total	<u>1,240,017</u>
EXPENDITURE ON	
Charitable activities	
Education	1,325,088
NET INCOME/(EXPENDITURE)	<u>(85,071)</u>
RECONCILIATION OF FUNDS	
Total funds brought forward	535,402
TOTAL FUNDS CARRIED FORWARD	<u><u>450,331</u></u>

11. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2018	310,000	86,026	41,712	11,405	449,143
Additions	-	-	-	3,166	3,166
Reclassification	(310,000)	-	-	-	(310,000)
At 31 August 2019	<u>-</u>	<u>86,026</u>	<u>41,712</u>	<u>14,571</u>	<u>142,309</u>
DEPRECIATION					
At 1 September 2018	37,200	21,329	18,923	3,951	81,403
Charge for year	9,300	17,838	8,342	2,281	37,761
Reclassification/transfer	(46,500)	-	-	-	(46,500)
At 31 August 2019	<u>-</u>	<u>39,167</u>	<u>27,265</u>	<u>6,232</u>	<u>72,664</u>
NET BOOK VALUE					
At 31 August 2019	<u>-</u>	<u>46,859</u>	<u>14,447</u>	<u>8,339</u>	<u>69,645</u>
At 31 August 2018	<u>272,800</u>	<u>64,697</u>	<u>22,789</u>	<u>7,454</u>	<u>367,740</u>

Included within freehold land and buildings are amounts of £nil (2018: £272,800) which are secured against other loans.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Other debtors	37,690	37,475
Prepayments and accrued income	13,778	20,445
	<u>51,468</u>	<u>57,920</u>

13. CURRENT ASSET INVESTMENTS

	2019	2018
	£	£
Freehold property awaiting sale	<u>263,500</u>	<u>-</u>

The freehold property has been reclassified as a current asset at its most recent net book value since it is believed that it will be sold for an amount in excess of that value within one year from the balance sheet date.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	50,187	45,151
Social security and other taxes	22,086	15,737
Other creditors	11,782	10,046
Other loans	59,152	21,668
Accrued expenses	6,600	6,600
	<u>149,807</u>	<u>99,202</u>

Other loans of £59,152 (2018: £21,668) are secured on the freehold land and buildings of the charity.

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

	2019	2018
	£	£
Other loans	<u>-</u>	<u>56,140</u>

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	10,757	-
Between one and five years	35,408	-
	<u>46,165</u>	<u>-</u>

17. MOVEMENT IN FUNDS

	At 1.9.18 £	Net movement in funds £	At 31.8.19 £
Unrestricted funds			
General fund	450,331	(131,101)	319,230
TOTAL FUNDS	<u>450,331</u>	<u>(131,101)</u>	<u>319,230</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,522,568	(1,653,669)	(131,101)
TOTAL FUNDS	<u>1,522,568</u>	<u>(1,653,669)</u>	<u>(131,101)</u>

Comparatives for movement in funds

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
General fund	535,402	(85,071)	450,331
TOTAL FUNDS	<u>535,402</u>	<u>(85,071)</u>	<u>450,331</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,240,017	(1,325,088)	(85,071)
TOTAL FUNDS	<u>1,240,017</u>	<u>(1,325,088)</u>	<u>(85,071)</u>

18. RELATED PARTY DISCLOSURES

The key management personnel of the charity comprise the Trustees, the Principal and the Head of Student Services. The total employee benefits of the key management personnel of the charity were £98,497 (2018: £80,843).

Some staff are seconded from a local SEN school, Calthorpe Teaching Academy. As the charity evolves over a number of years, each new employee will be directly employed by the charity. During the year the amount payable to Calthorpe Teaching Academy for the staff re-charged totalled £15,901 (2018: £18,017). Included within trade creditors are amounts owed to Calthorpe Teaching Academy of £Nil (2018: £Nil).

Included within other loans are amounts of £59,152 (2018: £77,808) owed to Calthorpe Teaching Academy, which are secured on the freehold land and buildings of the charity. During the year interest of £3,012 (2018: £4,011) was incurred on the loan.

19. PENSION COMMITMENTS

The charitable company's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £14,383 were payable to the schemes at 31 August 2019 (2018: £11,015) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

19. PENSION COMMITMENTS - continued

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

Due to the fact that only a minority of the charity's employees are in the Local Government Pension Scheme, no formal valuation of the scheme liability has been obtained for these financial statements. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

The total contributions to defined benefit pension schemes recognised as an expense for the year ended 31 August 19 were £142,241 (2018: £76,940).

	2019 £	2018 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Parental donations	48,511	36,624
Other income	11,938	1,683
	<hr/> 60,449	<hr/> 38,307
Charitable activities		
ESFA income	660,094	489,631
Local authority income	759,737	712,079
Dept of education	18,270	-
Dept for work & pensions	24,018	-
	<hr/> 1,462,119	<hr/> 1,201,710
Total incoming resources	1,522,568	1,240,017
EXPENDITURE		
Charitable activities		
Salary costs	930,208	558,130
Social security	85,321	50,134
Pensions	142,241	76,940
Agency staff	9,076	94,381
Goods	1,657	18,182
Transport activities	52,760	128,292
Staff training	12,816	22,261
Student support costs	64,441	28,267
Seconded staff	15,901	18,018
	<hr/> 1,314,421	<hr/> 994,605
Support costs		
Other		
Catering	29,997	48,465
Marketing	10,267	21,394
Rent and rates	88,912	9,213
Water rates	3,661	1,745
Waste collection	2,641	1,948
Cleaning	10,030	8,990
Gas & electricity	6,170	5,400
Office costs	16,427	13,850
Phone & mobile	14,891	4,551
Subscriptions & memberships	12,615	16,420
Legal & professional fees	27,125	65,439
Insurance	2,707	10,104
Auditors fee	6,600	6,600
Carried forward	232,043	214,119

Heart of Birmingham Vocational College
Limited

Detailed Statement of Financial Activities
for the Year Ended 31 August 2019

	2019 £	2018 £
Other		
Brought forward	232,043	214,119
Repairs & renewals	5,702	21,806
Security	900	9,887
Health & safety	9,135	11,014
Bank charges & interest	102	355
Depreciation	37,761	37,128
IT expenditure	40,650	26,670
General expenses	5,350	-
Loan interest payable	3,012	4,011
Website costs	4,695	5,433
Penalties	(102)	60
	<hr/> 339,248	<hr/> 330,483
Total resources expended	<hr/> 1,653,669	<hr/> 1,325,088
Net expenditure	<hr/> <hr/> (131,101)	<hr/> <hr/> (85,071)

This page does not form part of the statutory financial statements