

**Charity Registration No. 1131991**

**Company Registration No. 03618159 (England and Wales)**

**VALUES ACADEMY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

# VALUES ACADEMY

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr P Roberts Mrs M Henman Ms E Dimelor	(Appointed 3 November 2020)
<b>Secretary</b>	Ms E Dimelor	
<b>Charity number</b>	1131991	
<b>Company number</b>	03618159	
<b>Principal address</b>	15 Key Hill Hockley Birmingham B18 5PB	
<b>Registered office</b>	15 Key Hill Hockley Birmingham B18 5PB	
<b>Auditor</b>	Trevor Jones & Co Old Bank Chambers 582-586 Kingsbury Road Erdington Birmingham B24 9ND	

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# VALUES ACADEMY

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# **VALUES ACADEMY**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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The trustees present their report and accounts for the year ended 31 March 2020.

Values Academy (the Academy, the Charity or VA) is registered with the Charity Commission (charity number 1131991). It is a company limited by guarantee registered in England under number 03618159. Its' registered office is at 15 Key Hill, Hockley Birmingham B18 5PB.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities governing document, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", effective January 2015.

#### **Objectives and activities**

The Objects for which the charity is constituted, are:

1. To advance the full-time or part-time education of children and young people who, by reason of exclusion from education or otherwise by special educational needs, may not for any period receive suitable provision unless alternatives are made for them.
2. To promote or advance for the benefit of the social welfare or education of people living in the area of benefit in which the charity operates recreation or other leisure time occupations for individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances with a view to improving the conditions of life for such persons.

The charity operates two schools in Birmingham and Nuneaton responsible for educating between 40 and 50 secondary school age children.

The Trustees consider that these objectives, activities and goals have a clear public benefit in enhancing the educational, economic, social and cultural well-being of young people.

In drafting these statements, the Trustees have complied with the duty in Chapter 1, Section 4 of the Charities Act 2012, to have due regard to the public benefit guidance published by the Charity Commission.

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

# VALUES ACADEMY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### Achievements and performance

Over the past year, the Charity has continued to pursue its twin aims of providing a secure and stable environment for students with special educational needs while maintaining a viable financial position. As in previous years, providers of education are under pressure from Local Authorities to reduce costs and, from Ofsted, to improve standards. The Charity's management team and staff have continued to work hard to satisfy these conflicting requirements and the post end of year COVID pandemic has placed new and more challenging demands on the charity. The full effect of this will not become apparent until early 2021. The 2019-20 accounts show a strong financial position where costs have been managed in line with the number of students on roll. Following the 2018-19 year, when a good deal of investment was made in infrastructure and student resources, 2019-20 was a year of consolidation.

During the year, Ofsted awarded the Birmingham school a rating of "Good" and, post year-end, the Nuneaton school was the subject of a follow-up inspection the result of which is that the school has retained its rating of being an Ofsted "Good" school. This is considered by both the Leadership team and Trustees to be an excellent result.

A significant event during the year was the appointment of a qualified School Principal in December 2019 which has added a high degree of stability in the management of both schools. The return to work (following maternity leave) of the School Leader in Nuneaton has brought the Senior Management team back to full strength.

In summary, the charity has again faced challenging circumstances but has continued to provide a good educational offering to under-privileged students while maintaining a good financial position. This will stand the charity in good stead to weather the challenge of the post year-end pandemic.

Changes to the Board of Trustees are outlined elsewhere in this report but the Trustees continue to look for suitable additions to the Board in order both to strengthen the Board and to relieve pressures on individual Trustees.

### Financial review

During the period, the charity recorded a surplus of £20k (2019 surplus £8k) with revenues increasing by £74k and costs increasing by £62k. The increase in revenue is driven entirely by the level of student recruitment and a lower level of leavers in July 2019. The churn of leavers is dependent on the student profile and the 2018-19 cohort will generate a significant number of leavers in July 2020. Management of costs remains strong and the year on year increase reflects both the strengthening of the management team and the widening of externally-provided educational opportunities for the students. The small surplus recorded in the year represents c1.5% of revenue and this is driven by the charity's policy of ploughing funds back into its students while maintaining sufficient funds to maintain financial viability.

Cash resources at the end of the financial year were slightly lower than 2018-19 (£286k v £317k) largely due to customers delaying payment of invoices but the level of cash holdings was consistent with maintaining sufficient funds to meet commitments without resorting to using an overdraft facility. The fact that the charity has not had to take advantage of the facility for some time demonstrates robust processes which support the financial stability of the charity.

Regular management accounts and forecasts are prepared and reviewed by the Trustees

The principal source of income for the charity is the fees receivable for the education of students for which it is responsible. The proceeds of this activity are applied to meet the key objectives through the running of the two schools.

Information on Restricted Funds is given in note 14 to the accounts.

## VALUES ACADEMY

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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To ensure the charity is managed efficiently and effectively, the Board of Trustees have delegated a range of day-to-day decision-making powers to the CEO, who reports directly to the Board of Trustees. The Board of Trustees has also established appropriate controls and reporting mechanisms to ensure that the charity operates within the scope of the powers delegated to it. The delegation policy is updated on an on-going basis and is formally reviewed and approved by Trustees as amendments are required. Remuneration of staff (all of whom are employees) is subject to approval by the Board of Trustees with performance a key benchmark.

The charity's income consists almost entirely of restricted funds, being charges for the education of particular students. A proportion of these charges relates to the running costs of the charity. The charity manages its cash flows carefully with the aim of ensuring that it can continue in operation for a period of four months in the case of a falloff in student numbers.

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The major risk identified by the Trustees is a reduction in pupil numbers with a corresponding reduction in income. The Trustees believe that the business development and financial control procedures they have introduced provide reasonable mitigation against this risk.

The Trustees have also examined other operational and business risks faced by the charity and confirm that they have established systems to mitigate the significant risks.

The post year-end world has changed dramatically and our plans for the future have been side-lined by the global pandemic which has had a material adverse impact of businesses in general and on the charity in particular. It would be remiss of us not to include a view of the impact of the pandemic on the school and this is covered in the following notes:-

- The number of students on the charity's roll is dependent on referrals from Local Authorities and business activity in the Local Authorities has been significantly reduced in the period March to September 2020. This, combined with the high number of leavers in July 2020, has put pressure on our recruitment activity and, consequently, on our revenue stream.
- While most schools were closed during the national lockdown, we remained open (by HMG edict) owing to our special school status and the need to maintain safeguarding arrangements for all of our students.
- The safeguarding requirement was a significant drain on resources since calls and visits had to be made on a daily basis to ensure that the students were being properly looked after.
- The charity was unable to take advantage of the HMG furlough scheme since Local Authorities were still prepared to fund existing students. Nevertheless, a number of our members of staff were either shielding or had been exposed to the virus and were unable to attend school thereby putting pressure on teaching resources.
- The cost of making the schools safe in terms of social distancing and cleanliness will have to be absorbed and, while we are doing everything possible to maintain financial stability, it is likely that our 2020-21 results may show a slight deficit. It is anticipated, however, that reserves will act as a buffer.

In view of the current national crisis, it is doubtful that the charity is alone in concentrating more on the present than on the future. Future plans are all on hold until the full impact of the pandemic is known and, in the meantime, we are keeping a close rein on our cost profile.

# VALUES ACADEMY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### Structure, governance and management

The charity is controlled by its governing document, a Memorandum and Articles of Association adopted at the Annual General Meeting on 16 December 2015. It constitutes a company limited by guarantee as defined by the Companies Act 2013.

The charity is membership based. Membership is open to any individual or organisation interested in promoting the objects who

1. applies to the charity in the form required by the trustees,
2. is approved by the trustees

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr S D Livings	(Resigned 30 July 2020)
Dr A Molony	(Resigned 27 August 2020)
Mr P Roberts	
Mrs M Henman	
E Browning	(Appointed 10 June 2019 and resigned 30 October 2020)
Ms E Dimelor	(Appointed 3 November 2020)

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

The trustees may at any time appoint any individual who is qualified to be appointed as a trustee to fill a vacancy in their number or as an additional Trustee, but a co-opted Trustee holds office only until the next AGM.

The Chief Executive Officer, to whom day to day management of the charity is delegated, is Estelle Dimelor.

### Auditor

A resolution proposing that Trevor Jones & Co be reappointed as auditors of the company will be put to the members.

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

**Mrs M Henman**

Trustee

Dated: 7 December 2020

# **VALUES ACADEMY**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2020***

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The directors, who also act as trustees for the charitable activities of Values Academy, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity 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 charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



# VALUES ACADEMY

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF VALUES ACADEMY

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### Opinion

We have audited the financial statements of Values Academy (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 31 March 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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 charity'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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

# VALUES ACADEMY

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF VALUES ACADEMY

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### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to 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**

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

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

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

# **VALUES ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF VALUES ACADEMY**

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### **Use of our report**

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

**Trevor Jones & Co**

14 December 2020

**Chartered Accountants  
Statutory Auditor**

Old Bank Chambers  
582-586 Kingsbury Road  
Erdington  
Birmingham  
B24 9ND

Trevor Jones & Co is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

# VALUES ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Restricted funds 2020 £	Restricted funds 2019 £
<b><u>Income from:</u></b>			
Donations and legacies	3	-	14,342
Charitable activities	4	1,269,415	1,180,708
Investments	5	-	102
<b>Total Income</b>		<u>1,269,415</u>	<u>1,195,152</u>
<b><u>Expenditure on:</u></b>			
Charitable activities	6	<u>1,249,699</u>	<u>1,187,631</u>
<b>Net Income for the year/ Net movement in funds</b>		19,716	7,521
Fund balances at 1 April 2019		<u>442,395</u>	<u>434,874</u>
<b>Fund balances at 31 March 2020</b>		<u><u>462,111</u></u>	<u><u>442,395</u></u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# VALUES ACADEMY

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	9		202,708		212,869
<b>Current assets</b>					
Debtors	10	95,758		83,488	
Cash at bank and in hand		286,358		317,260	
		<u>382,116</u>		<u>400,748</u>	
<b>Creditors: amounts falling due within one year</b>	12	(96,180)		(132,393)	
Net current assets			285,936		268,355
<b>Total assets less current liabilities</b>			<u>488,644</u>		<u>481,224</u>
<b>Creditors: amounts falling due after more than one year</b>	13		(26,533)		(38,829)
<b>Net assets</b>			<u>462,111</u>		<u>442,395</u>
<b>Income funds</b>					
Restricted funds	14		462,111		442,395
Unrestricted funds			-		-
			<u>462,111</u>		<u>442,395</u>

# **VALUES ACADEMY**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2020**

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the 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 company.

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

The financial statements were approved by the Trustees on 7 December 2020

Mrs M Henman  
**Trustee**

**Company Registration No. 03618159**

# VALUES ACADEMY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	18		(4,525)		197,233
<b>Investing activities</b>					
Purchase of tangible fixed assets		(14,695)		(29,301)	
Interest received		-		102	
<b>Net cash used in investing activities</b>			(14,695)		(29,199)
<b>Financing activities</b>					
Repayment of bank loans		(11,682)		(11,108)	
<b>Net cash used in financing activities</b>			(11,682)		(11,108)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(30,902)		156,926
Cash and cash equivalents at beginning of year			317,260		160,334
<b>Cash and cash equivalents at end of year</b>			286,358		317,260

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Charity Information

Values Academy is a private company limited by guarantee incorporated in England and Wales. The registered office is 15 Key Hill, Hockley, Birmingham, B18 5PB.

#### 1.1 Accounting convention

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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Values Academy meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

#### 1.3 Charitable funds

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

#### 1.4 Income

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

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

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

Grant income is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.



# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is accounted for on an accrual basis and has been clarified under headings that aggregate all costs relating to the category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

#### 1.6 Tangible fixed assets

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

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

Improvements to property	10% straight line
Land and buildings	2% straight line
Plant and machinery	25% Straight line
Fixtures, fittings & equipment	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### 1.7 Impairment of fixed assets

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

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

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

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

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

#### **Basic financial assets**

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

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Derecognition of financial liabilities**

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

#### **1.10 Employee benefits**

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

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

#### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Critical accounting estimates and judgements

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

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

### 3 Donations and legacies

	Total	Restricted funds
	2020	2019
	£	£
Donations and gifts	-	14,342

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 4 Charitable activities

	Student fees - special needs	Student fees - Other	Pupil premium	Total 2020	Total 2019
	2020	2020	2020		
	£	£	£	£	£
Income within charitable activities	1,167,564	101,351	500	1,269,415	1,180,708

### 5 Investments

	Total	Restricted funds
	2020	2019
	£	£
Interest receivable	-	102

### 6 Charitable activities

	Charitable Expenditure 2020	Charitable Expenditure 2019
	£	£
Staff costs	943,327	931,378
Depreciation and impairment	24,858	29,773
Rent and rates	40,263	42,096
Teaching materials and course fees	18,823	41,112
Insurance	8,140	7,072
Light and heat	19,624	17,236
Repairs and maintenance	20,212	20,849
Postage and stationery	13,130	10,965
Telephone	17,676	18,275
Travelling	9,752	4,429
Bank charges	528	626
Legal and professional fees	3,336	8,129
Auditors remuneration	5,040	4,800
Auditors fees for non-audit work.	3,817	3,860
Activities and visits	115,243	32,093
Loan Interest	1,114	1,689
Subscriptions	4,154	3,815
Other charitable expenditure	662	9,434
	1,249,699	1,187,631

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. Trustees expenses were paid totalling £172 (2019 - £44).

### 8 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
	45	45
	<u>45</u>	<u>45</u>
<b>Employment costs</b>	<b>2020 £</b>	<b>2019 £</b>
Wages and salaries	869,802	852,344
Social security costs	34,221	48,357
Other pension costs	21,510	19,380
	<u>925,533</u>	<u>920,081</u>

### 9 Tangible fixed assets

	Improvements to property £	Land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 1 April 2019	150,000	99,179	180,612	55,964	485,755
Additions	-	835	13,860	-	14,695
	<u>150,000</u>	<u>100,014</u>	<u>194,472</u>	<u>55,964</u>	<u>500,450</u>
At 31 March 2020	150,000	100,014	194,472	55,964	500,450
<b>Depreciation and impairment</b>					
At 1 April 2019	21,750	42,221	153,868	55,047	272,886
Depreciation charged in the year	3,000	9,308	11,631	917	24,856
	<u>24,750</u>	<u>51,529</u>	<u>165,499</u>	<u>55,964</u>	<u>297,742</u>
At 31 March 2020	24,750	51,529	165,499	55,964	297,742
<b>Carrying amount</b>					
At 31 March 2020	<u>125,250</u>	<u>48,485</u>	<u>28,973</u>	<u>-</u>	<u>202,708</u>
At 31 March 2019	<u>128,250</u>	<u>56,958</u>	<u>26,744</u>	<u>917</u>	<u>212,869</u>

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

<b>10 Debtors</b>		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>			
Trade debtors		51,266	63,557
Other debtors		8,734	8,734
Prepayments and accrued income		35,758	11,197
		<u>95,758</u>	<u>83,488</u>
<b>11 Loans and overdrafts</b>		<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Bank loans		14,376	26,058
Other loans		24,500	24,500
		<u>38,876</u>	<u>50,558</u>
Payable within one year		12,343	11,729
Payable after one year		<u>26,533</u>	<u>38,829</u>
<b>12 Creditors: amounts falling due within one year</b>		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Bank loans	11	12,343	11,729
Other taxation and social security		13,074	15,507
Trade creditors		32,243	17,167
Accruals and deferred income		38,520	87,990
		<u>96,180</u>	<u>132,393</u>
<b>13 Creditors: amounts falling due after more than one year</b>		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Bank loans	11	2,033	14,329
Other borrowings		24,500	24,500
		<u>26,533</u>	<u>38,829</u>

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 14 Restricted funds

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

	Movement in funds			Movement in funds			Balance at 31 March 2020
	Balance at 1 April 2018	Incoming resources	Resources expended	Balance at 1 April 2019	Incoming resources	Resources expended	
	£	£	£	£	£	£	£
Education	434,874	1,195,152	(1,187,631)	442,395	1,269,415	(1,249,699)	462,111

### 15 Analysis of net assets between funds

	Restricted funds 2020 £	Restricted funds 2019 £
Fund balances at 31 March 2020 are represented by:		
Tangible assets	202,708	212,869
Current assets/(liabilities)	285,936	268,355
Long term liabilities	(26,533)	(38,829)
	<u>462,111</u>	<u>442,395</u>

### 16 Operating lease commitments

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

	2020 £	2019 £
Within one year	30,800	33,600
Between two and five years	-	30,800
	<u>30,800</u>	<u>64,400</u>

### 17 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

18	Cash generated from operations	2020	2019
		£	£
	Surplus for the year	19,716	7,521
	Adjustments for:		
	Investment income recognised in statement of financial activities	-	(102)
	Depreciation and impairment of tangible fixed assets	24,856	29,773
	Movements in working capital:		
	(Increase)/decrease in debtors	(12,270)	93,792
	(Decrease)/increase in creditors	(36,827)	66,249
	<b>Cash (absorbed by)/generated from operations</b>	<b>(4,525)</b>	<b>197,233</b>
19	Analysis of changes in net funds	At 1 April 2019	Cash flowsAt 31 March 2020
		£	£
	Cash at bank and in hand	317,260	(30,902) 286,358
	Loans falling due within one year	(11,729)	(614) (12,343)
	Loans falling due after more than one year	(38,829)	12,296 (26,533)
		<b>266,702</b>	<b>(19,220) 247,482</b>

