

Audited Financial Statements
for the year ended
31 August 2020

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 2020

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Report of the Trustees
for the year ended 31 August 2020

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 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

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.

Report of the Trustees
for the year ended 31 August 2020

OBJECTIVES AND ACTIVITIES

Significant activities

Student 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

2019/2020: 72 learners

What we do:

Our curriculum is delivered through practical sessions which are student led - learning through meaningful, realistic, hands-on activities that will equip our students for the future they want. All our students 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

Report of the Trustees
for the year ended 31 August 2020

ACHIEVEMENT AND PERFORMANCE

Inspiring business partnerships leading to good work opportunities and paid employment for students led by our Employability Manager and team.

Excellent community employability and enrichment programmes with partners, including Birmingham and Black Country Wildlife Trust, The Priory Tennis Club, Midland Mencap Bike Riding, Can-do Project/John Lewis, People in Partnership and The Football Association.

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

Establishing positive links with feeder schools in the wider community, and across Local Authorities, including Coventry and Solihull.

The overall effectiveness of the college is good. A highly effective quality improvement plan is used across the organisation.

During 2019/2020 college leaders and directors responded to the challenging external factors of a global pandemic, our whole way of working changed overnight.

The leadership team and directors decided that on the 19th of March 2020 the college would close until further notice and move to a remote learning offer. A plan and timetable were created for all staff to follow to ensure a high level of service was still provided.

- o Weekly teaching and learning packs were developed and sent home to each student, consisting of tasks that enable students to continue their learning journey towards their outcomes. Each pack has been individualised further using feedback from parents and students in weekly welfare calls home. Tutors sent home both paper-based packs and E-learning packs.

- o Recognising student achievement from home, a work from home email account was created and has been used as a platform for recording student achievements from home. Student achievement and general wellbeing is discussed with students and parents in weekly phone calls home.

- o The recovery curriculum was developed, to allow students the time needed to transition back into the college environment. The recovery curriculum equipped students with the skills and qualities needed to adapt to the long-term impact covid-19 had on their mental wellbeing, whilst embedding new routines around new procedures HBVC have in place upon our return.

College lunches or vouchers were delivered throughout the lockdown to all eligible students.

Our therapists continued to deliver their services to staff and students.

Speech and Language Therapist (SALT) providing advice, guidance and training to staff and further support to enhance communication with students whilst lockdown was taking place, and our college counsellor continued regular meetings/phone calls with students and staff to support their mental wellbeing.

The management team carried out weekly welfare calls to all students and parents/carers and fortnightly to all staff.

Regular management meetings were in place to discuss and plan for a variety of issues from implementing new risk assessments to planning deep cleans and ordering health and safety material in preparation for our return to college.

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 2020, the college received total income of £1,744,934 (2019: £1,522,568) and incurred total expenditure of £1,735,383 (2019: £1,653,669). The surplus of income against expenditure was £9,551 (2019: deficit of £131,101).

At 31 August 2020 the net book value of fixed assets was £49,325 (2019: £69,645) and movements in tangible fixed assets are shown in note 11 to the financial statements.

Report of the Trustees
for the year ended 31 August 2020

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 2020 reserves totalled £279,456 comprising £328,781 unrestricted funds less £49,325 held as fixed assets (2019: £249,585 comprising £319,230 unrestricted funds less £69,645 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 (2019: above) the 10% guideline. The trustees expect that developments in the new year will help the charity progress towards meeting the guideline.

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

Investments

The initial HBVC premises has been sold due to us out growing the building - the leadership team and directors are exploring an additional satellite premises which will compliment our Bromford site and enhance our offer to students.

FUTURE PLANS

Senior Leaders and 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 students.

The Principal, senior leaders and staff continue to review the curriculum to ensure that the programmes remain appropriate for our students' development.

Our development plans will be financed primarily from the ESFA and Birmingham City Council, and monies from the sale of our original premises.

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.

Report of the Trustees
for the year ended 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

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, student 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.

Report of the Trustees
for the year ended 31 August 2020

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

Trustees

C Bennett (resigned 29.10.19)
E A Morgan
S M Griffiths
J Lawrence
Z Bhatti (resigned 24.1.20)
R J Gower (appointed 21.10.19)

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

Report of the Trustees
for the year ended 31 August 2020

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).

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.

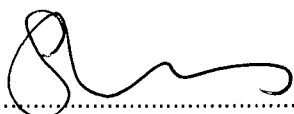
In so far as the trustees are aware:

- 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 on26/5/2021..... 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 2020 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 2020 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 (Accounts and Reports) Regulations 2008 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

We have been appointed as auditors 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 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 Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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: *27/5/21*

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2020

		2020 Unrestricted fund £	2019 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	48,623	60,449
Charitable activities	4		
Education		1,696,311	1,462,119
Total		<u>1,744,934</u>	<u>1,522,568</u>
EXPENDITURE ON			
Charitable activities	5		
Education		1,735,383	1,653,669
NET INCOME/(EXPENDITURE)		<u>9,551</u>	<u>(131,101)</u>
RECONCILIATION OF FUNDS			
Total funds brought forward		319,230	450,331
TOTAL FUNDS CARRIED FORWARD		<u><u>328,781</u></u>	<u><u>319,230</u></u>

Balance Sheet
31 August 2020

	Notes	2020 Unrestricted fund £	2019 Total funds £
FIXED ASSETS			
Tangible assets	11	49,325	69,645
CURRENT ASSETS			
Debtors	12	36,596	51,468
Investments	13	263,500	263,500
Cash at bank		44,544	84,424
		<u>344,640</u>	<u>399,392</u>
CREDITORS			
Amounts falling due within one year	14	(65,184)	(149,807)
NET CURRENT ASSETS		<u>279,456</u>	<u>249,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>328,781</u>	<u>319,230</u>
NET ASSETS		<u>328,781</u>	<u>319,230</u>
FUNDS	16		
Unrestricted funds		<u>328,781</u>	<u>319,230</u>
TOTAL FUNDS		<u>328,781</u>	<u>319,230</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2020.

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

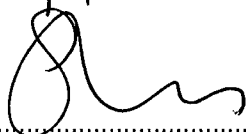
The trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- 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.

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 on 24/5/2021 and were signed on its behalf by:


S M Griffiths - Trustee

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	37,462	(67,743)
Net cash provided by/(used in) operating activities		37,462	(67,743)
Cash flows from investing activities			
Purchase of tangible fixed assets		(17,808)	(3,166)
Sale of tangible fixed assets		17,000	-
Net cash used in investing activities		(808)	(3,166)
Cash flows from financing activities			
Loan repayments in year		(59,152)	(21,668)
Interest paid		(17,382)	(3,012)
Net cash used in financing activities		(76,534)	(24,680)
Change in cash and cash equivalents in the reporting period		(39,880)	(95,589)
Cash and cash equivalents at the beginning of the reporting period		84,424	180,013
Cash and cash equivalents at the end of the reporting period		44,544	84,424

Notes to the Cash Flow Statement
for the year ended 31 August 2020

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	9,551	(131,101)
Adjustments for:		
Depreciation charges	23,681	37,761
Profit on disposal of fixed assets	(2,553)	-
Interest paid	17,382	3,012
Decrease in debtors	14,872	6,452
(Decrease)/increase in creditors	(25,471)	16,133
Net cash provided by/(used in) operations	<u>37,462</u>	<u>(67,743)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.19 £	Cash flow £	At 31.8.20 £
Net cash			
Cash at bank	84,424	(39,880)	44,544
	<u>84,424</u>	<u>(39,880)</u>	<u>44,544</u>
Liquid resources			
Deposits included in cash	-	-	-
Current asset investments	263,500	-	263,500
	<u>263,500</u>	<u>-</u>	<u>263,500</u>
Total	<u>347,924</u>	<u>(39,880)</u>	<u>308,044</u>

Notes to the Financial Statements
for the year ended 31 August 2020

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 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements 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.

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 2020

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.

Current asset investment

The current asset investment, being a freehold property awaiting sale, is recognised at the lower of its former depreciated cost and its net realizable value.

3. DONATIONS AND LEGACIES

	2020 £	2019 £
Parental donations	44,981	48,511
Other income	3,642	11,938
	<u>48,623</u>	<u>60,449</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2020 £	2019 £
ESFA income	Education	752,147	660,094
Local authority income	Education	913,702	759,737
Dept of education	Education	13,078	18,270
Dept for work & pensions	Education	17,384	24,018
		<u>1,696,311</u>	<u>1,462,119</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Education	<u>1,360,170</u>	<u>375,213</u>	<u>1,735,383</u>

Notes to the Financial Statements - continued
for the year ended 31 August 2020

6. SUPPORT COSTS

	Other £
Education	375,213

Support costs, included in the above, are as follows:

Other

	2020 Education £	2019 Total activities £
Catering	16,355	29,997
Marketing	-	10,267
Rent and rates	178,808	88,912
Water rates	596	3,661
Waste collection	2,028	2,641
Cleaning	11,228	10,030
Gas & electricity	11,767	6,170
Office costs	6,542	16,427
Phone & mobile	14,472	14,891
Subscriptions & memberships	9,801	12,615
Legal & professional fees	12,469	27,125
Insurance	5,316	2,707
Auditors fee	7,602	6,600
Repairs & renewals	12,904	5,702
Security	264	900
Health & safety	3,617	9,135
Bank charges & interest	70	102
Depreciation	23,681	37,761
IT expenditure	36,621	40,650
General expenses	4,973	5,350
Loan interest payable	17,382	3,012
Website costs	1,270	4,695
Penalties	-	(102)
Profit on sale of vehicles	(2,553)	-
	<u>375,213</u>	<u>339,248</u>

7. NET INCOME/(EXPENDITURE)

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

	2020 £	2019 £
Depreciation - owned assets	23,681	37,761
Surplus on disposal of fixed assets	(2,553)	-
Auditor's fees - statutory audit	6,600	6,600

Notes to the Financial Statements - continued
for the year ended 31 August 2020

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2020 nor for the year ended 31 August 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2020 (2019: None).

9. STAFF COSTS

	2020 £	2019 £
Wages and salaries	1,026,600	930,208
Social security costs	86,368	85,321
Other pension costs	138,875	142,241
	<u>1,251,843</u>	<u>1,157,770</u>

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

	2020	2019
Total	<u>42</u>	<u>36</u>

One employee received emoluments in excess of £60,000 (2019: One).

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	60,449
Charitable activities	
Education	1,462,119
Total	<u>1,522,568</u>
EXPENDITURE ON	
Charitable activities	
Education	1,653,669
NET INCOME/(EXPENDITURE)	<u>(131,101)</u>
RECONCILIATION OF FUNDS	
Total funds brought forward	450,331
TOTAL FUNDS CARRIED FORWARD	<u><u>319,230</u></u>

Notes to the Financial Statements - continued
for the year ended 31 August 2020

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2019	86,026	41,712	14,571	142,309
Additions	3,738	-	14,070	17,808
Disposals	-	(41,712)	-	(41,712)
At 31 August 2020	<u>89,764</u>	<u>-</u>	<u>28,641</u>	<u>118,405</u>
DEPRECIATION				
At 1 September 2019	39,167	27,265	6,232	72,664
Charge for year	17,953	-	5,728	23,681
Eliminated on disposal	-	(27,265)	-	(27,265)
At 31 August 2020	<u>57,120</u>	<u>-</u>	<u>11,960</u>	<u>69,080</u>
NET BOOK VALUE				
At 31 August 2020	<u>32,644</u>	<u>-</u>	<u>16,681</u>	<u>49,325</u>
At 31 August 2019	<u>46,859</u>	<u>14,447</u>	<u>8,339</u>	<u>69,645</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other debtors	32,100	37,690
Prepayments and accrued income	<u>4,496</u>	<u>13,778</u>
	<u>36,596</u>	<u>51,468</u>

13. CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Freehold property awaiting sale	<u>263,500</u>	<u>263,500</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.

Notes to the Financial Statements - continued
for the year ended 31 August 2020

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	22,788	50,187
Social security and other taxes	23,181	22,086
Other creditors	12,615	11,782
Other loans	-	59,152
Accrued expenses	6,600	6,600
	<u>65,184</u>	<u>149,807</u>

Other loans of £Nil (2019: £59,152) are secured on the freehold land and buildings of the charity.

15. LEASING AGREEMENTS

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

	2020	2019
	£	£
Within one year	26,974	10,757
Between one and five years	40,759	35,408
	<u>67,733</u>	<u>46,165</u>

16. MOVEMENT IN FUNDS

	At 1.9.19	Net movement in funds	At 31.8.20
	£	£	£
Unrestricted funds			
General fund	319,230	9,551	328,781
	<u>319,230</u>	<u>9,551</u>	<u>328,781</u>
TOTAL FUNDS	<u>319,230</u>	<u>9,551</u>	<u>328,781</u>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,744,934	(1,735,383)	9,551
	<u>1,744,934</u>	<u>(1,735,383)</u>	<u>9,551</u>
TOTAL FUNDS	<u>1,744,934</u>	<u>(1,735,383)</u>	<u>9,551</u>

Notes to the Financial Statements - continued
for the year ended 31 August 2020

16. MOVEMENT IN FUNDS - continued

Comparatives for 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>

Comparative 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>

17. 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 (2019: £98,497).

Included within other loans are amounts of £Nil (2019: £59,152) owed to Calthorpe Teaching Academy, which are secured on the freehold land and buildings of the charity. During the year interest of £5,855 (2019: £3,012) was incurred on the loan.

18. 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 £12,354 were payable to the schemes at 31 August 2020 (2019: £14,383) 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.

Notes to the Financial Statements - continued
for the year ended 31 August 2020

18. PENSION COMMITMENTS - continued

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%.

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 20 were £138,875 (2019: £142,241).