

THE VOCATIONAL LEARNING TRUST
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

THE VOCATIONAL LEARNING TRUST

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THE VOCATIONAL LEARNING TRUST

TRUSTEES REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees present their report and accounts for the year ended 31 December 2018.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

Objectives and activities

Objectives and aims

The charity's main objective is to set up and oversee the running of the learning centre, the aim of which is to provide education, in particular, but not exclusively, in vocational and applied subjects aimed at young people in the North East with the ultimate goal of enhancing their skills and knowledge required for workplace readiness.

Public benefit

The charity's aims and achievements are set out within this report. The activities set out in the report have been undertaken to further the charity's charitable purpose for the public benefit. The trustees have complied, with the duty under section 4 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charities Commission and the trustees have paid due regard to this guidance in deciding what activities the charity should undertake. The Work Place supports learning which is available to schools and colleges across the North East and North Yorkshire.

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

Achievements and performance

Charitable activities

The Board continued to receive positive reports from The Work Place (Aycliffe) Ltd Board. A joint board meeting took place in October.

The photo voltaic panels continue to contribute to the electricity bills and the interest free loan is on track to be repaid in the seven years as forecast. Durham County Council's Health & Safety Officers carried out an annual audit of The Work Place (Aycliffe)'s compliance with Health & Safety Legislation.

The Chairman plans to attend a training session for charity trustees in July 2019 run by Browne Jacobson LLP to meet the SORP requirement. TWP(A) Ltd continued to deliver VOLT's charitable aims through its activities meeting the public benefit requirement. A GDPR statement has also been agreed.

Michael McGarry, a County Durham solicitor joined the VOLT board in May 2018 and contributed to the agreement of a finance protocol with The Work Place (Aycliffe) Ltd. The trust anniversary of The Work Place was celebrated in September 2018.

Plans for the future

Further recruitment of new VOLT trustees will be discussed in 2019 and future developments will be discussed at the annual meeting with The Work Place (Aycliffe) Ltd in October 2019.

THE VOCATIONAL LEARNING TRUST

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial review

Reserves policy

It is the policy of the charity that unrestricted funds, which are the free reserves of the charity, remain at a level which will allow maximum flexibility in determining investment policy.

Principal funding sources

The principal funding source for the building is from rental income from the learning centre.

Investment policy and objectives

Restricted funds must be invested in accordance with the terms of the grant or donation. There are no restrictions on the charity's power to invest funds from the general fund.

Structure, governance and management

Governing document

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

The Vocational Learning Trust (VOLT) is constituted under a trust deed dated 19 July 2005 and is a registered charity - number 1112944.

Trustees

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

Mr R D Morton

Miss J O Ritchie

Mr A Gilmore

Mr K Mitchell

Mrs S I Palmerley

(Resigned 9 March 2018)

Mr I Kershaw

Mr CA Peterson

Mr M McGarry

(Appointed 15 May 2018)

Organisational structure

The charity is run by a board of trustees, who make all decisions in relation to the running of the charity. There are currently no employees. The day to day running of the charity is the responsibility of Jane Ritchie, Founding Trustee.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Related parties

The Work Place (Aycliffe) Limited is a subsidiary company of the Vocational Learning Trust, the purpose of which is to operate the learning centre.

The trustees report was approved by the Board of Trustees.

THE VOCATIONAL LEARNING TRUST

TRUSTEES REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Miss J O Ritchie

Miss JO Ritchie

Dated: 6 September 2019

THE VOCATIONAL LEARNING TRUST

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THE VOCATIONAL LEARNING TRUST

I report on the accounts of the charity for the year ended 31 December 2018, which are set out on pages to 13.

Respective responsibilities of trustees and examiner

The trustees, who are also the directors of The Vocational Learning Trust for the purposes of company law, are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- (i) examine the accounts under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- (iii) to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

Independent examiner's statement

In connection with my examination, no other matter except that referred to in the previous paragraph has come to my attention:

- (a) which gives me reasonable cause to believe that in any material respect the requirements:
 - (i) to keep accounting records in accordance with section 130 of the 2011 Act; and
 - (ii) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the 2011 Act and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met or
- (b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Harlands Accountants LLP

Glyn Davison FCCA
The Greenhouse
Amos Drive
Greencroft Industrial Park
Stanley
DH9 7XN
England

Dated: 6 September 2019

THE VOCATIONAL LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds £	Total 2017 £
<u>Income and endowments from:</u>			
Donations and legacies	2	112,000	90,125
Charitable activities	3	102,500	102,500
Investments	4	30	20
Other income	5	6,736	8,150
		<hr/>	<hr/>
Total income and endowments		221,266	200,795
		<hr/>	<hr/>
<u>Expenditure on:</u>			
Raising funds		-	-
		<hr/>	<hr/>
Charitable activities	6	202,014	196,905
		<hr/>	<hr/>
Total resources expended		202,014	196,905
		<hr/>	<hr/>
Net income for the year/ Net movement in funds		19,252	3,890
		<hr/>	<hr/>
Fund balances at 1 January 2018		1,494,688	1,490,798
		<hr/>	<hr/>
Fund balances at 31 December 2018		1,513,940	1,494,688
		<hr/> <hr/>	<hr/> <hr/>

THE VOCATIONAL LEARNING TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	8	1,434,398		1,437,182	
Investments	9	7,981		7,981	
		<u>1,442,379</u>		<u>1,445,163</u>	
Current assets					
Cash at bank and in hand		107,012		92,330	
Creditors: amounts falling due within one year	10	<u>8,640</u>		<u>8,620</u>	
Net current assets			98,372		83,710
Total assets less current liabilities			<u>1,540,751</u>		<u>1,528,873</u>
Creditors: amounts falling due after more than one year	11		(26,811)		(34,185)
Net assets			<u><u>1,513,940</u></u>		<u><u>1,494,688</u></u>
Income funds					
Unrestricted funds			1,513,940		1,494,688
			<u><u>1,513,940</u></u>		<u><u>1,494,688</u></u>

For the financial year ended 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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 board of directors and authorised for issue on 6 September 2019 and are signed on its behalf by:

Miss J O Ritchie
Trustee

THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”), “Accounting and Reporting by Charities” the Statement of Recommended Practice for charities applying FRS 102, the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. The charity is a Public Benefit Entity as defined by FRS 102.

The accounts have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

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

The accounts have been prepared on 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 accounts, 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 accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

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.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Grants offered subject to conditions which have not been met at the year end date are noted as commitment but not accrued as expenditure.

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:

Freehold property	Not depreciated
Plant and machinery	25% on 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 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible 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).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.9 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.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts 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 payables 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 company's contractual obligations expire or are discharged or cancelled.

1.10 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.

2 Donations and legacies

	2018 £	2017 £
Donations and gifts	112,000	90,125
For the year ended 31 December 2017		<u>90,125</u>

THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Charitable activities

	Rent received £	2017 £
Charitable rental income	102,500	102,500
Analysis by fund		
Unrestricted funds	102,500	
For the year ended 31 December 2017		
Unrestricted funds	102,500	102,500

4 Investments

	Unrestricted funds £	Total 2017 £
Interest receivable	30	20
For the year ended 31 December 2017	20	20

5 Other income

	funds £	2017 £
Released from endowment funds	6,736	7,810
Net gain on disposal of tangible fixed assets	-	340
	6,736	8,150
For the year ended 31 December 2017	8,150	8,150

THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Charitable activities

	Charitable activities £	Total £	2017 £
Depreciation and impairment	2,785	2,785	4,730
Auditors' fees for non audit work	1,750	1,750	1,750
Legal and professional	300	300	425
	<u>4,835</u>	<u>4,835</u>	<u>6,905</u>
Grant funding of activities (see note)	195,800	195,800	188,800
Share of support costs (see note)	1,379	1,379	1,200
	<u>202,014</u>	<u>202,014</u>	<u>196,905</u>
Analysis by fund			
Unrestricted funds	202,014	202,014	
	<u>202,014</u>	<u>202,014</u>	
For the year ended 31 December 2017			
Unrestricted funds	196,905		196,905
	<u>196,905</u>		<u>196,905</u>

7 Grants payable

	Charitable activities £	2017 £
Grants to institutions:		
Other	195,800	188,800
	<u>195,800</u>	<u>188,800</u>

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THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8 Tangible fixed assets

	Freehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2018	1,427,582	333,027	1,760,609
At 31 December 2018	1,427,582	333,027	1,760,609
Depreciation and impairment			
At 1 January 2018	-	323,426	323,426
Depreciation charged in the year	-	2,785	2,785
At 31 December 2018	-	326,211	326,211
Carrying amount			
At 31 December 2018	1,427,582	6,816	1,434,398
At 31 December 2017	1,427,582	9,600	1,437,182

Included in cost and valuation of land and buildings is freehold land of £207,360 (2017: 207,360).

The freehold property was re-valued to £1,150,000 on 4 July 2008 by an independent agent. The historical costs of the land and buildings is £4,770,456 (2017: £4,770,456). The trustees are of the opinion that this valuation represents a true open value of the property at the balance sheet date.

10 Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	5,130	5,110
Accruals and deferred income	3,510	3,510
	8,640	8,620

11 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	26,811	34,185

THE VOCATIONAL LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2018*

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Related Party Transactions

The Work Place (Aycliffe) Limited is a subsidiary company which was set up to lease and operate the learning centre. The trustees of the company include Miss JO Ritchie. During the year, The Vocational Learning Trust received rents of £102,500 (2017: £102,500) and recharged expenses of £nil (2017: £nil) from TWP (A) Limited. During the year, The Vocational Learning Trust made grants of £195,800 (2017: £188,800). As at 31 December 2018 The Vocational Learning Trust owed £nil to The Work Place (Aycliffe) Limited.

During 2012, Miss JO Ritchie made a loan to The Vocational Learning Trust of £85,680 for the installation of solar photovoltaic. As at 31 December 2018 the outstanding loan owed to Miss JO Ritchie was £26,811 (2017: £34,185). There are no fixed terms as to repayment or interest.