

**Building Crafts
College**

**Annual Report and
Accounts**

30 June 2022

Charity Registration Number
312856

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Legal and administrative Information

Trustee	The Worshipful Company of Carpenters
Members of the Court	
The Master	Brigadier M J Meardon
Senior Warden	Dr A Zimble
Middle Warden	Dr L D G Grossman
Junior Warden	Mr S G Corbett
	Mr V G Morton-Smith
	Mr W S Haynes
	Mr P A Luton (emeritus 4 August 2021)
	Mr J A C Wheeler
	Mr M O P May
	Mr M R Mathews
	Revd Dr W P Povey
	Mr H M Lancaster
	Mr M J Samuel
	Mr M R Mosley
	Mr M W F Felton
	Mr M H W Neal
	Mr A M Gregory-Smith
	Mrs R F Bower
	His Honour P W Birts KC
	The Lord Flight, of Worcester
Deputy Master	Mr M Morrison
The Clerk	Brigadier T J Gregson
Financial Controller	Ms J L Brundell
The College Principal (Acting)	Mr J Mercer
College address	Kennard Road Stratford London E15 1AH
Registered address	Carpenters' Hall Throgmorton Avenue London EC2N 2JJ
Charity registration number	312856

Legal and administrative Information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Investment advisors	The Investments Committee of The Worshipful Company of Carpenters
Solicitors	Wedlake Bell LLP 71 Queen Victoria Street London EC4V 4AY
Surveyors	Daniel Watney LLP 165 Fleet Street London EC4A 2DW

Trustee's report Year to 30 June 2022

The Trustee presents its statutory report together with the accounts of the Building Crafts College (the "charity") for the year ended 30 June 2022.

The accounts have been prepared in accordance with the accounting policies set out on pages 17 to 20 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and 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).

Structure, governance and management

The charity is governed by a constitution last revised on 7 March 2006.

The overall responsibility for the charity lies with the Trustee, The Worshipful Company of Carpenters as represented by the Master, Wardens and Court of Assistants, the members of which are listed on page 1. Under the charity's constitution certain responsibilities are delegated to the Governors who are appointed by The Worshipful Company of Carpenters. Responsibility for the day to day management of the College is delegated to the College Principal who reports to the Court of The Worshipful Company of Carpenters on a monthly basis.

The Trustee, The Worshipful Company of Carpenters, which performs its function as Trustee through its Court of Assistants, appoints its Assistants from within its members, of which normally one is inducted each year.

The Trustee has considerable experience of the charity through the Court of Assistants. This experience has been gathered over many years and the Court's knowledge of the workings of the charity is extensive. Further training has been given to members of the Court during the year and is made available where appropriate. Professional advice is always sought where required.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the members of the Court of Assistants, the Governors, the Principal and the Business Manager (and in the prior year the Bursar).

The remuneration of all staff, including the key management personnel, is reviewed each November, with changes implemented with effect from the following 1 January.

Risk management

The Trustee has assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances and has reviewed them on an annual basis. The Trustee believes that by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, it has established effective systems to mitigate those risks.

Structure, governance and management (continued)

Risk management (continued)

The key risks facing the College, in addition to the impact of Covid-19 referred to later in this report, are as follows:

- ◆ Significant reputational damage, such as a poor Ofsted grading or safeguarding failure, might lead to the withdrawal of contracts and poor recruiting and retention. A failure to recruit to course targets at the start of the year is the greatest risk faced by the College. The only realistic remedial action is to launch fresh courses in January each year.
- ◆ Withdrawal of funding, either from the Worshipful Company of Carpenters or from government and other sources. The College guards against long term trends, such as the reduction in government funding for adults, by re-focussing course provision to match potential government income streams (hence the current emphasis on 16-18 year old learners and apprenticeships).
- ◆ Physical risk, such as fire or mechanical injury (Health & Safety). The Company has an insurance policy with the Livery Companies Mutual to protect the College against this risk.

These risks are reviewed constantly by the Governors and the Senior Management Team at the College.

Connected charities and related parties

The Worshipful Company of Carpenters is responsible for the management and administration of three other registered charities, details of which are given in note 18 to the accounts.

The College operates from premises leased from the Worshipful Company of Carpenters and from a connected charity, Carpenters' Company Charitable Trust. The charity is dependent on the financial support of The Worshipful Company of Carpenters and receives a grant from Carpenters' Company Charitable Trust each year to ensure that its unrestricted income equals its unrestricted expenditure.

Objectives and activities

The aims of the charity are the promotion of education and training in the building and allied crafts and trades.

The charity fulfils its principal aims through the operation of a college known as the Building Crafts College (the 'College') which is based in Stratford, London E15.

In addition, grants, scholarships and awards are made annually.

The main objectives for the year were to develop and expand construction based training courses.

Public benefit statement

The Trustee confirms that it has complied with its duty under section 4 of the Charities Act 2011. It has considered the public benefit guidance published by the Charity Commission and believes that it has followed its guidance in this area. The Trustee's report gives a description of the activities undertaken by the charity during the year in furtherance of its charitable purposes and the Trustee is satisfied that all such activities provide a public benefit.

Fundraising statement

The charity does not actively solicit donations and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. When donations from individuals are received, the charity aims to protect personal data and never sells data or swaps data with other organisations. During the current and prior year, the charity received no complaints about fundraising activities.

Achievements and activities during the year

Across a number of areas, results particularly in terms of apprenticeship End Point Assessments, have been higher than at many points in the history of the College. Indeed, apprentice achievement rates across the year are currently around 80% (no national comparative figures exist due to the pandemic) and apprentice retention rates sit at a very healthy 87%, significantly higher than the national average which, when last published, was approximately 65.7%.

These results reflect the recent introduction of a number of key initiatives including a comprehensive programme of strategic monitoring which allows the College to measure progress against agreed objectives; a system of staff peer-to-peer mentoring; a programme of student tracking across all disciplines; the extension of pastoral and counselling provision including the appointment of additional specialist staff and the introduction of student leadership and personal development programmes led by external providers.

In addition, much work has been undertaken to extend the current range of apprenticeship courses.

The appointment of a new Head of Admissions and Marketing, who is approaching the task of recruitment with considerable vigour, has contributed to an uplift in applications for certain courses, notably Fine Woodwork, Site Carpentry, Bench Joinery and Stonemasonry. The addition of an extensive programme of short courses over the year is commendable as is the renewed and highly successful emphasis on marketing via social media. To afford some resilience, the marketing team has been enhanced by the appointment on a fixed term basis of a digital resource specialist who started in September and has been tasked with creating a bank of digital teaching materials.

The renewed emphasis on Admissions and Marketing aims to reduce the historically high annual deficit and hence the subsidy from the Company. The deficit prompted an exercise earlier in the year around more stringent budgetary modelling whereby the College as a whole as well as the respective departmental areas must now, in terms of student numbers, resources and staffing, demonstrate accountability and viability.

Achievements and activities during the year (continued)

The work of the Business Manager has been invaluable in addressing the underinvestment over an extended period of time in capital resources and the College's premises. A significant programme of capital works has been started at the Kennard Road site with a view to providing essential additional, well-resourced teaching space for the new academic year. A significant quantity of new benches and tools has been purchased and the College's IT has been upgraded with the addition of new smartboards and laptops. New staffroom facilities and a new office suite have also been created. That said, the extent to which the poor physical state and location of our current premises will, despite our best efforts, increasingly work against us must not be underestimated.

At governance level the College continues to focus on the revision of Governor responsibilities and the new sub-Committee structure introduced last year has now bedded in relatively well.

Financial review

A summary of the results of the charity for the year can be found on page 13. Total income of the charity for the year amounted to £2,850,593 (2021 – £2,687,896) of which £1,265,213 (2021 - £1,139,381) comprised a grant from Carpenters' Company Charitable Trust. Total expenditure of the charity during the year increased from £2,683,287 to £2,841,701. This includes rental costs for the College of £490,000 (2021 – £413,960).

Reserves policy

The balance sheet shows total funds of £140,539 (2021 - £135,233) which comprise permanent endowment funds of £64,939 (2021 - £68,525) and restricted funds of £75,600 (2021 - £66,708).

As explained above, the charity is dependent on the financial support of The Worshipful Company of Carpenters and it has no 'free' reserves.

Investment policy

The charity has investments comprising COIF Charities Investment Fund units with a market value as at 30 June 2022 of £64,939 (2021 - £68,525).

There are no restrictions on the charity's power to invest. The investment strategy is set by the Trustee and takes into account income requirements, risk profile and its view of the market prospects in the medium term. The overall investment policy is to provide a stable level of income. The Trustee is satisfied that its investment policy is being achieved.

Post balance sheet events and future plans

Against the backdrop of academic and financial reorganisation, greater employer and audience engagement and significant capital upgrade - as well as some outstanding results that sit comfortably against national averages - the College has now set itself firmly on a new course. As a consequence, the trend in terms of applications is generally positive.

One of the College's greatest challenges going forward is inevitably that of improving on its current capital resources and investing in major capital equipment, something which has not been done for many years. Neither the Gibbins Road nor the Kennard Road sites are ideal in the current competitive marketplace but are being made to work until longer term decisions about the future of the sites we currently occupy are taken. The reconfiguration of the Kennard Road premises will create necessary additional teaching space and has been completed in time for the start of the new academic year.

Naturally, all of the above must be read in the context of the war in Ukraine and its ramifications, and of the recent and severe economic global downturn. The potential impact of both in terms of the College's ability to manage its already very tight budget and on student recruitment must not be underestimated.

Since the year end, the Principal resigned and steps are being taken to make a permanent appointment.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's annual report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England and Wales requires the Trustee 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 income and expenditure of the charity for that period. In preparing accounts giving a true and fair view, the Trustee is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any 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.

Statement of Trustee's responsibilities (continued)

The Trustee is responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's governing document. 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.

Approved by the Trustee and signed on its behalf by:

 02/11/2022

M Morrison
Master
The Worshipful Company of Carpenters (Trustee)

Approved on:

Independent auditor's report to the Trustee of The Building Crafts College

Opinion

We have audited the accounts of The Building Crafts College (the 'charity') for the year ended 30 June 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, and the notes to the accounts which include the principal 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 30 June 2022 and of 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 Charities Act 2011.

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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the accounts is appropriate.

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

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

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other Information (continued)

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustee's report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts 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 Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustee is 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 Trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Auditor's responsibilities for the audit of the accounts (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charity through discussions with those charged with governance and management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the charity, including the Charities Act 2011, the financial reporting framework referred to above and safeguarding regulations; and
- ◆ we understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management (and those responsible for legal and compliance procedures). We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.

We assessed the susceptibility of the charity's accounts to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

Auditor's responsibilities for the audit of the accounts (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustee and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

3 November 2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 30 June 2022

	Notes	Un-restricted funds £	Restricted funds £	Endowment funds £	2022 Total funds £	2021 Total funds £
Income from:						
Donations and legacies	1	1,282,611	79,484	—	1,362,095	1,202,973
Investment income	2	1,939	—	—	1,939	1,865
Charitable activities	3	1,470,018	16,541	—	1,486,559	1,483,058
Total income		<u>2,574,568</u>	<u>96,025</u>	<u>—</u>	<u>2,850,593</u>	<u>2,687,896</u>
Expenditure on:						
Charitable activities	4	2,779,717	61,984	—	2,841,701	2,683,287
Total expenditure		<u>2,779,717</u>	<u>61,984</u>	<u>—</u>	<u>2,841,701</u>	<u>2,683,287</u>
Net (expenditure) income before gains on investments						
	5	(25,149)	34,041	—	8,892	4,609
Net (loss) gains on investments						
		—	—	(3,586)	(3,586)	8,776
Net (expenditure) income for the year						
		(25,149)	34,041	(3,586)	5,306	13,385
Transfers between funds						
	14	25,149	(25,149)	—	—	—
Net movement in funds						
		—	8,892	(3,586)	5,306	13,385
Reconciliation of funds:						
Fund balances brought forward at 1 July 2021		—	66,708	68,525	135,233	121,848
Fund balances carried forward at 30 June 2022		—	75,600	64,939	140,539	135,233

All of the charity's activities derived from continuing operations during the above two financial periods.

Statement of financial activities Year to 30 June 2021

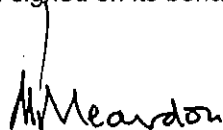
	Notes	Un- restricted funds £	Restricted funds £	Endowment funds £	2021 Total funds £
<i>Income from:</i>					
Donations and legacies	1	1,142,162	60,811	—	1,202,973
Investment income	2	1,865	—	—	1,865
Charitable activities	3	1,469,622	13,436	—	1,483,058
Total income		2,613,649	74,247	—	2,687,896
<i>Expenditure on:</i>					
Charitable activities	4	2,646,476	36,811	—	2,683,287
Total expenditure		2,646,476	36,811	—	2,683,287
<i>Net (expenditure) income before gains on investments</i>	5	(32,827)	37,436	—	4,609
<i>Net gains on investments</i>		—	—	8,776	8,776
Net (expenditure) income for the year		(32,827)	37,436	8,776	13,385
<i>Transfers between funds</i>	14	32,827	(32,827)	—	—
Net movement in funds		—	4,609	8,776	13,385
<i>Reconciliation of funds:</i>					
<i>Fund balances brought forward at 1 July 2020</i>		—	62,099	59,749	121,848
Fund balances carried forward at 30 June 2021		—	66,708	68,525	135,233

All of the charity's activities derived from continuing operations during the above financial period.

Balance Sheet 30 June 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible fixed assets	9	284,569	114,485
Investments	10	64,939	68,525
		<u>349,508</u>	<u>183,010</u>
Current assets			
Stock		53,764	42,662
Debtors	11	143,937	234,538
Cash at bank and in hand		115,262	182,897
		<u>312,963</u>	<u>460,097</u>
Creditors: amounts falling due within one year	12	<u>(521,932)</u>	<u>(507,874)</u>
Net current liabilities		(208,969)	(47,777)
Total net assets		<u>140,539</u>	<u>135,233</u>
The funds of the charity:			
Funds and reserves			
Capital funds:			
Endowment funds	13	64,939	68,525
Income funds:			
Restricted funds	14	75,600	66,708
		<u>140,539</u>	<u>135,233</u>

Approved by the Trustee
and signed on its behalf by:



Brigadier M J Meardon
Master
The Worshipful Company of Carpenters (Trustee)

Approved on: 2 November 2022

Statement of cash flows 30 June 2022

	Notes	2022 £	2021 £
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	<u>157,312</u>	<u>(155,716)</u>
Cash flows from investing activities:			
Investment income		1,939	1,865
Purchase of tangible fixed assets		<u>(226,886)</u>	<u>(21,915)</u>
Net cash used in investing activities		<u>(224,947)</u>	<u>(20,050)</u>
Change in cash and cash equivalents in the year		(67,635)	(175,766)
Cash and cash equivalents at 1 July 2021	B	182,897	358,663
Cash and cash equivalents at 30 June 2022	B	<u>115,262</u>	<u>182,897</u>

Notes to the statement of cash flows for the year to 30 June 2022.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2022 £	2021 £
Net movement in funds (as per the statement of financial activities)	5,306	13,385
Adjustments for:		
Depreciation charge	56,802	64,345
Losses(gains) on investments	3,586	(8,776)
Investment income	(1,939)	(1,865)
(Increase)/decrease in stocks	(11,102)	9,463
Decrease in debtors	90,601	37,964
Increase (decrease) in creditors	14,058	(270,232)
Net cash provided by (used in) operating activities	157,312	(155,716)

B Analysis of cash and cash equivalents

	2022 £	2021 £
Total cash and cash equivalents: cash at bank and in hand	115,262	182,897

No separate statement of changes in net debt has been prepared as there is no difference between the movements in cash and cash equivalents and movement in net cash (debt).

Principal accounting policies 30 June 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 30 June 2022 with comparative information presented for the year to 30 June 2021.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts 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) (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustee and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ the level of income to be recognised from government agencies;
- ◆ the book value of stock;
- ◆ the useful economic life of tangible fixed assets; and
- ◆ the appropriate level of bad debt provision.

Assessment of going concern

The Trustee has assessed whether the use of the going concern assumption is appropriate in preparing these accounts, including considering the impact of Covid-19 on the charity's income, expenditure and reserves and the charity's employees and beneficiaries. The Trustee has made this assessment in respect of a period of at least one year from the date of approval of these accounts.

The Trustee of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The charity is dependent on the financial support of The Worshipful Company of Carpenters and receives a grant from Carpenters' Company Charitable Trust each year to ensure that its unrestricted income equals its unrestricted expenditure. Therefore, the Trustee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and income from course fees and government agencies.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given with greater freedom of use, for example monies for core funding.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Expenditure recognition

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT.

Expenditure on charitable activities comprises the costs of operating a college including support costs and governance costs.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised, and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ◆ Furniture and general office equipment 10 - 50% per annum based on cost
- ◆ Plant and machinery 10 - 25% per annum based on cost

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Fixed asset investments (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Stocks

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

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Fund structure

Endowment funds comprise monies which must be held indefinitely as capital. Income therefrom is credited to general funds and applied for general purposes.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Pension costs

Under the definitions set out in FRS 102, the Carpenters' Company Pension and Assurance Scheme is a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. Accordingly, the charity has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Contributions to defined contribution schemes, including under auto-enrolment, have been charged in the statement of financial activities when payable.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value (see above), basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand and debtors. Financial liabilities held at amortised cost comprise creditors.

1 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2022	Unrestricted funds	Restricted funds	Total 2021
	£	£	£	£	£	£
Grant from Carpenters' Company Charitable Trust	1,265,213	—	1,265,213	1,139,381	—	1,139,381
Donation from The Worshipful Company of Carpenters	—	55,484	55,484	—	36,811	36,811
Other donations	17,398	24,000	41,398	2,781	24,000	26,781
2022 Total funds	1,282,611	79,484	1,362,095	1,142,162	60,811	1,202,973

2 Investments

	Unrestricted funds	
	2022	2021
	£	£
Income from listed investments	1,939	1,865
2022 Total funds	1,939	1,865

3 Income from charitable activities

	Unrestricted funds	Restricted funds	Total 2022	Unrestricted funds	Restricted funds	Total 2021
	£	£	£	£	£	£
Course fees	603,133	—	603,133	393,484	—	393,484
Government agencies	857,883	16,541	874,424	1,071,297	13,436	1,084,733
Other Income	9,002	—	9,002	4,841	—	4,841
2022 Total funds	1,470,018	16,541	1,486,559	1,469,622	13,436	1,483,058

4 Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
College operating costs						
Staff costs (note 6)	1,630,784	55,484	1,686,268	1,603,749	36,811	1,640,560
Rent	490,000	—	490,000	413,960	—	413,960
Tools	64,253	—	64,253	33,990	—	33,990
Materials	52,540	—	52,540	45,631	—	45,631
Light and power	83,175	—	83,175	49,724	—	49,724
Rates	14,702	—	14,702	24,316	—	24,316
Insurance	34,116	—	34,116	31,176	—	31,176
Equipment repairs and maintenance	45,368	—	45,368	51,157	—	51,157
Telephone and IT	66,448	—	66,448	62,472	—	62,472
Exhibitions and advertising	2,087	—	2,087	438	—	438
Cleaning	31,849	—	31,849	14,538	—	14,538
Books, printing and stationery	34,712	—	34,712	24,823	—	24,823
Depreciation	56,802	—	56,802	64,345	—	64,345
Building Crafts College prize giving	5,617	—	5,617	9,550	—	9,550
Exam fees	58,649	—	58,649	98,830	—	98,830
Provision for doubtful debts	13,764	—	13,764	8,000	—	8,000
Student welfare	17,385	6,500	23,885	23,839	—	23,839
Management charge	5,098	—	5,098	—	—	—
Governance costs	18,780	—	18,780	17,308	—	17,308
Miscellaneous	53,589	—	53,589	68,630	—	68,630
2022 Total funds	2,779,717	61,984	2,841,701	2,646,476	36,811	2,683,287

5 Net (expenditure) income before gains on Investments

This is stated after charging:

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Charity						
Staff costs (note 6)	1,630,784	55,484	1,686,268	1,603,749	36,811	1,640,560
Auditor's remuneration	18,780	—	18,780	17,308	—	17,308
Depreciation	56,802	—	56,802	64,345	—	64,345
Operating lease rentals	490,000	—	490,000	413,960	—	413,960

6 Employees and staff costs

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Wages and salaries	1,336,290	55,484	1,391,774	1,234,063	36,811	1,270,874
Social security costs	126,149	—	126,149	118,665	—	118,665
Other pension costs	97,320	—	97,320	101,668	—	101,668
Other staff costs	71,025	—	71,025	149,353	—	149,353
	1,630,784	55,484	1,686,268	1,603,749	36,811	1,640,560

Staff costs include redundancy costs of £55,484 (2021 - £26,915).

The average number of employees during the year was 40 (2021 - 43).

6 Employees and staff costs (continued)

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer's pension contributions and employer's national insurance contributions) during the year was as follows:

	2022 Number	2021 Number
£60,000 - £69,999	1	—
£80,000 - £89,999	—	1
£100,000 - £109,999	1	—

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the members of the Court of Assistants, the Governors, the Principal and the Business Manager (and former Bursar).

The total remuneration (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £196,293 (2021 - £120,580).

7 Trustee's remuneration

None of the members of the Court of Assistants or the Governors received any remuneration in respect of their services as trustees during the year nor any reimbursement of expenses from the charity (2021 - nil).

8 Taxation

Building Crafts College is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Tangible fixed assets

	Leasehold improvements £	Furniture and office equipment £	Plant and machinery £	Total £
Cost				
At 1 July 2021	—	514,931	349,404	864,335
Additions	160,920	65,402	564	226,886
At 30 June 2022	160,920	580,333	349,968	1,091,221
Depreciation				
At 1 July 2021	—	482,813	267,037	749,850
Charge in year	—	25,548	31,254	56,802
At 30 June 2022	—	508,361	298,291	806,652
Net book values				
At 30 June 2022	160,920	71,972	51,677	284,569
At 30 June 2021	—	32,118	82,367	114,485

Notes to the accounts 30 June 2022

10 Fixed asset Investments

	2022 £	2021 £
Listed investments		
Market value at 1 July 2021	68,525	59,749
Unrealised (losses)/gains on investments	(3,586)	8,776
Market value at 30 June 2022	<u>64,939</u>	<u>68,525</u>
 Cost of listed investments at 30 June 2022	 <u>6,558</u>	 <u>6,558</u>

Listed investments comprise COIF Charities Investment Fund Income units.

11 Debtors

	2022 £	2021 £
Course fees and support including accrued income	51,299	35,249
Government agencies	51,604	66,793
Other debtors	6,081	1,643
Prepayments	34,953	130,853
	<u>143,937</u>	<u>234,538</u>

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Due to Carpenters' Company Charitable Trust	189,865	345,537
Due to The Worshipful Company of Carpenters	5,098	—
Other creditors and accruals	326,969	162,337
	<u>521,932</u>	<u>507,874</u>

13 Endowment funds

The capital funds of the charity include endowed monies which must be retained indefinitely.

	At 1 July 2020 £	Investment gains £	At 30 June 2021 £	Investment losses £	At 30 June 2022 £
John Willson Trust	7,785	1,144	8,929	(467)	8,462
Technical Education (general)	1,308	193	1,501	(79)	1,422
Sir Henry Harben's Gift	15,705	2,307	18,012	(943)	17,070
Alfred Preston's Prize Fund	7,232	1,062	8,294	(434)	7,860
Barnes' Gift	1,712	251	1,963	(103)	1,860
Sir Banister Fletcher Trust	10,555	1,550	12,105	(633)	11,471
Major C A A Robertson's Prize Fund 1996	11,581	1,701	13,282	(695)	12,587
C K Austin Fund	3,871	568	4,439	(232)	4,207
	<u>59,749</u>	<u>8,776</u>	<u>68,525</u>	<u>(3,586)</u>	<u>64,939</u>

The funds were established to provide income for prizes.

14 Restricted funds

The income funds of the charity include the following restricted funds.

	At 1 July 2021 £	Income £	Expenditure £	Transfers £	At 30 June 2022 £
Carpenters' Company funds	—	55,484	(55,484)	—	—
City & Guilds funds	40,000	24,000	—	(18,650)	45,350
16-18 Bursary funds	13,712	7,541	—	(6,499)	14,754
Adult Bursary funds	12,996	—	—	—	12,996
ESFA Employer Incentives	—	9,000	(6,500)	—	2,500
	<u>66,708</u>	<u>96,025</u>	<u>(61,984)</u>	<u>(25,149)</u>	<u>75,600</u>

	At 1 July 2020 £	Income £	Expenditure £	Transfers £	At 30 June 2021 £
Carpenters' Company funds	—	36,811	(36,811)	—	—
City & Guilds funds	26,000	24,000	—	(10,000)	40,000
16-18 Bursary funds	23,103	13,436	—	(22,827)	13,712
Adult Bursary funds	12,996	—	—	—	12,996
	<u>62,099</u>	<u>74,247</u>	<u>(36,811)</u>	<u>(32,827)</u>	<u>66,708</u>

The transfers to unrestricted funds represents the utilisation of the funds to meet College fees in line with the terms of the funds or amounts used for capital expenditure where the terms of the donation have been met.

The specific purposes for which the funds are to be applied are as follows:

- ◆ The Carpenters' Company funds were donations for specific purposes including repairs, capital expenditure and redundancy costs.
- ◆ The City & Guilds funds are to be used for students on specific courses.
- ◆ The 16-18 and Adult Bursary funds and ESFA Employer Incentives fund are for students on ESFA funded courses.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
Fund balances at 30 June 2022				
are represented by:				
Fixed assets	284,569	—	64,939	349,508
Current assets	237,363	75,600	—	312,963
Creditors: amounts falling due within one year	(521,932)	—	—	(521,932)
Total net assets	—	75,600	64,939	140,539
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2021 £</i>
Fund balances at 30 June 2021				
are represented by:				
Fixed assets	114,485	—	68,525	183,010
Current assets	393,389	66,708	—	460,097
Creditors: amounts falling due within one year	(507,874)	—	—	(507,874)
Total net assets	—	66,708	68,525	135,233

16 Commitments**Operating leases**

At 30 June 2022 the total future lease payments under non-cancellable operating leases were as follows:

	2022 £	2021 £
Payable within		
One year	535,566	133,000
Two to five years	2,108,099	153,750
After five years	606,250	—
	3,249,915	286,750

17 Pension commitments

Certain former employees of the charity are members of the "Carpenters' Company Pension and Assurance Scheme" which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the sponsoring employer, The Worshipful Company of Carpenters, being invested with Legal and General Assurance in an Insurance Contract.

The contributions are determined on the basis of triennial valuations by a qualified actuary using the attained age method. The employers' contribution rate is 28.3% of pensionable pay and the employees' contribution rate is 6% of pensionable pay. The total charge for the year in these accounts is £ nil (2021 - £ nil). The last active employee in the pension scheme took his pension from 5 October 2019.

17 Pension commitments (continued)

A triennial valuation was carried out as at 1 July 2021 and showed that the market value of the scheme's assets was £4,707,000 and that the ongoing funding level was 114%.

The assumptions which have the most significant effect on the results of the valuation are as follows:

◆ RPI	3.3% p.a.
◆ Earnings increases	5.0% p.a.
◆ Discount rate	3.9% p.a.

The investment return on new contributions and existing assets will equal the funding discount rate used to calculate the liabilities.

The scheme has been closed to new members. New employees are able to join a group personal pension scheme administered by Aegon.

This scheme is a multi-employer scheme and it is not possible to identify the charity's share of the scheme assets and liabilities on a reasonable and consistent basis. Therefore, the pension costs have been accounted for as if it was a defined contribution scheme. As at 30 June 2022 there were no active members in the scheme.

Some details concerning the scheme as a whole are set out below. The following information is based upon a full actuarial valuation of the scheme as at 1 July 2021 updated to 30 June 2022 by a qualified independent actuary using FRS 102 guidelines.

	2022 £	2021 £
Market value of assets	3,350,000	4,707,000
Present value of scheme liabilities	(3,473,000)	(4,417,000)
(Deficit) surplus in the scheme – net pension (liability) asset	(123,000)	290,000

The assets in the scheme were:

	2022 £	2021 £
Deposit administration contract (insurance policy)	3,350,000	4,707,000

The major assumptions used by the actuary were:

	2022	2021
Inflation	3.3%	3.3%
Rate of increase for pensions		
· earned before 1 August 1998	5.0%	5.0%
· earned after 31 July 1998	3.3%	3.3%
Discount rate for liabilities	3.9%	1.8%

18 Related party transactions

The Worshipful Company of Carpenters is responsible for the appointment of the Trustees of, or acts as Trustee of, the following charities which are registered with the Charity Commission:

- ◆ Carpenters' Company Charitable Trust: No 276996
- ◆ Norton Folgate Trust: No 230990
- ◆ Rustington Convalescent Home: No 216865

During the year the charity received grants from Carpenters' Company Charitable Trust of £1,265,213 (2021 - £1,139,381), paid rent to Carpenters' Company Charitable Trust of £449,000 (2021 - £370,960) and paid rent to The Worshipful Company of Carpenters of £41,000 (2021 - £43,000). The charity incurred a management charge from The Worshipful Company of Carpenters for this year of £5,098 (2021 - £nil) and received donations from The Worshipful Company of Carpenters of £55,484 (2021 - £36,811).

There were no other related party transactions.

Amounts due to related parties are disclosed in note 12 to the accounts.