

Charity Registration No. 1131991

Company Registration No. 03618159 (England and Wales)

**VALUES ACADEMY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**



# VALUES ACADEMY

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mr S D Livings Dr A Molony Mr P Roberts Mrs M Henman E Browning (Appointed 10 June 2019)
<b>Secretary</b>	Mrs K Capell
<b>Charity number</b>	1131991
<b>Company number</b>	03618159
<b>Principal address</b>	15 Key Hill Hockley Birmingham B18 5PB
<b>Registered office</b>	15 Key Hill Hockley Birmingham B18 5PB
<b>Auditor</b>	Trevor Jones & Co Old Bank Chambers 582-586 Kingsbury Road Erdington Birmingham B24 9ND

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# **VALUES ACADEMY**

## **CONTENTS**

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	<b>Page</b>
Trustees' report	1 - 5
Statement of trustees' responsibilities	6
Independent auditor's report	7 - 9
Statement of financial activities	10
Balance sheet	11 - 12
Statement of cash flows	13
Notes to the financial statements	14 - 21

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# **VALUES ACADEMY**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2019**

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The trustees present their report and accounts for the year ended 31 March 2019.

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

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

### **Objectives and activities**

The Objects for which the charity is constituted, are:

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

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

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

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

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

# VALUES ACADEMY

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

**FOR THE YEAR ENDED 31 MARCH 2019**

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### **Achievements and performance**

Over the past year, the Charity has continued to pursue its twin aims of providing a secure and stable environment for students with special educational needs while maintaining a viable financial position. As in previous years, providers of education are under pressure from Local Authorities to reduce costs and, from Ofsted, to improve standards. The Charity's management team and staff have continued to work hard to satisfy these conflicting requirements. The 2018-19 accounts show a strong financial position where costs have been managed in line with the number of students on roll. In spite of the volatility of student numbers, significant investment has been made to enhance the students' experience and to improve the educational offering in line with Ofsted standards.

During the year, Ofsted awarded the Nuneaton school a rating of "Good" and, post year-end, the Birmingham school secured a similar rating. The Trustees and management team felt that this was an outstanding achievement given the challenging nature of the student cohort and the continuing financial constraints. Careful management of the finances allowed us to reinforce the progress made in 2017/18 by -

- Introducing a therapeutic element to the curriculum managed by a contracted professional with the aim of addressing our students' mental health issues. This initiative includes individual counselling, non-academic activities (eg gardening and yoga) and the provision of a soft environment for the students to take time out. This addition to the curriculum has proved effective in helping us manage the mental health of some challenging students and has been well received by parents and local authorities alike.
- The introduction of an off-the-shelf management information system (just after year-end) to help us better manage the administrative and reporting functions of the school.
- Additional IT suite for students at the Nuneaton school and improvements to the IT provision in the Birmingham school.
- An increased focus of staff training with 3 Mentors working towards Level 3 teacher training
- Additional teaching staff
- Increased focus on our Health and Safety commitment to ensure the safety of our students and our compliance with Ofsted requirements.

In summary, the charity has again faced challenging circumstances but has managed to improve its educational offering and to achieve a strong financial position which should provide a firm base for the charity's future. Trustees would like, therefore, to record their appreciation for the efforts of the staff and management.

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

# VALUES ACADEMY

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### Financial review

During the period, the charity recorded a surplus of £8k (2018 surplus £123k) with revenues reducing by £3k and costs increasing by £113k. The flat revenue profile reflects both the volatility of the student referrals from Local authorities and the high number of student leavers in July 2018. The increase in costs was driven by the Charity's commitment to improving the resources and curriculum as highlighted in the 2017/18 report. The year has seen increased investment in both teaching staff and opportunities for our students and the small surplus in the year is in keeping with our policy of maintaining sufficient funds to meet our financial commitments but ploughing any surpluses back into the education of our students. We are pleased to note that careful stewardship of our finances has given us the ability to improve our student offering and at the same time to create a stable financial position. This will stand us in good stead for 2019/20 when the high number of student leavers in July 2019 and the consequent short-term reduction in revenue will need to be carefully managed. The post 2018/19 year end position remains healthy and we are expecting to be able to maintain and improve our offering to students.

Cash resources at the end of the financial year were significantly higher (£157k) than those available at the end of the previous period (2019-£317k and 2018-£160k) with robust debt collection and close management of expenditure. Prompt invoicing and good relationships with our customers have secured effective cash collection and cash resources have been strong for some time with no need to use our overdraft facility. We are planning to maintain this cash position as a buffer against short-term pressure on cash.

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

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

Information on Restricted Funds is given in note 15 to the accounts.

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

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

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

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

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

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

# VALUES ACADEMY

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

### FOR THE YEAR ENDED 31 MARCH 2019

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The existing schools will continue to be run to the highest standards in order to offer the best possible experience to students in the charity's care. The continuing focus of the school is on improving the quality of education offered to our students with the aim of improving their destinations when leaving our care. The SDP (see above) exists to provide a framework for managing future plans and key elements are:-

- Buildings – plans for refurbishment, possible expansion and the provision of additional recreational space for students
- Staff – looking for further opportunities to strengthen the teaching staff by both recruitment of new staff and training of existing staff
- Curriculum – increased provision of vocational learning
- Fundraising – develop a strong fundraising capability to inject funds to invest in facilities for students
- Sustainability – create a marketing package, develop links with businesses to draw upon funds or business expertise and try to generate sponsorship arrangements.
- Continued careful management of the school finances to ensure that sufficient funds exist to secure the future of the school and to manage fluctuations in the numbers on roll and the consequential short-term loss of revenue.

The charity is always alert for opportunities to open additional schools, where this can be done in a way that is financially viable and in keeping with the charity's objectives.

#### Structure, governance and management

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

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

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

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

Mr S D Livings

Dr A Molony

Mr R P Warman

(Resigned 1 August 2018)

Mr P Roberts

Mrs M Henman

E Browning

(Appointed 10 June 2019)

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

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

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

# VALUES ACADEMY

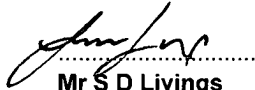
## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### Auditor

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

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



Mr S D Livings

Trustee

Dated: 11/12/2019



# **VALUES ACADEMY**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### ***FOR THE YEAR ENDED 31 MARCH 2019***

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

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

# VALUES ACADEMY

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

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### Opinion

We have audited the financial statements of Values Academy (the 'charity') for the year ended 31 March 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# VALUES ACADEMY

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

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

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

# VALUES ACADEMY

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

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### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Trevor Jones*

Trevor Jones & Co

18/12/19

Chartered Accountants  
Statutory Auditor

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

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

# VALUES ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

		<b>Restricted funds 2019 £</b>	<b>Total 2018 £</b>
	<b>Notes</b>		
<b><u>Income from:</u></b>			
Donations and legacies	<b>3</b>	14,342	526
Charitable activities	<b>4</b>	1,180,708	1,197,826
Investments	<b>5</b>	102	-
<b>Total income</b>		<b>1,195,152</b>	<b>1,198,352</b>
<b><u>Expenditure on:</u></b>			
Charitable activities	<b>6</b>	1,187,631	1,075,026
<b>Net income for the year/ Net movement in funds</b>		<b>7,521</b>	<b>123,326</b>
Fund balances at 1 April 2018		434,874	311,548
<b>Fund balances at 31 March 2019</b>		<b>442,395</b>	<b>434,874</b>

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

All income and expenditure derive from continuing activities.

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

# VALUES ACADEMY

## BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	9		212,869		213,342
<b>Current assets</b>					
Debtors	11	83,488		177,279	
Cash at bank and in hand		317,260		160,334	
		<u>400,748</u>		<u>337,613</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(132,393)</u>		<u>(65,565)</u>	
Net current assets			268,355		272,048
<b>Total assets less current liabilities</b>			<u>481,224</u>		<u>485,390</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(38,829)		(50,516)
<b>Net assets</b>			<u>442,395</u>		<u>434,874</u>
<b>Income funds</b>					
Restricted funds	15		442,395		434,874
Unrestricted funds			-		-
			<u>442,395</u>		<u>434,874</u>

## VALUES ACADEMY

### BALANCE SHEET (CONTINUED)

**AS AT 31 MARCH 2019**

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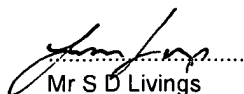
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2019, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 11/12/2019.

  
Mr S D Livings  
Trustee

Company Registration No. 03618159

# VALUES ACADEMY

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	19		197,233		46,905
<b>Investing activities</b>					
Purchase of tangible fixed assets		(29,301)		(11,440)	
Interest received		102		-	
<b>Net cash used in investing activities</b>			(29,199)		(11,440)
<b>Financing activities</b>					
Repayment of bank loans		(11,108)		(10,670)	
<b>Net cash used in financing activities</b>			(11,108)		(10,670)
<b>Net increase in cash and cash equivalents</b>			156,926		24,795
Cash and cash equivalents at beginning of year			160,334		135,539
<b>Cash and cash equivalents at end of year</b>			317,260		160,334



# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### Charity information

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

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

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

#### 1.2 Going concern

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

#### 1.3 Charitable funds

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

#### 1.4 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.

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

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

#### 1.5 Resources expended

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

#### 1.6 Tangible fixed assets

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

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

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

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

#### 1.7 Impairment of fixed assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

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

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

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

#### **Basic financial assets**

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

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

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

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

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

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

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

#### 1.10 Employee benefits

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

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

#### 1.11 Retirement benefits

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

#### 2 Critical accounting estimates and judgements

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

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

#### 3 Donations and legacies

	Restricted funds	Total
	2019 £	2018 £
Donations and gifts	14,342	526

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 4 Charitable activities

	Student fees - special needs	Student fees - Other	Pupil premium	Total 2019	Total 2018
	2019	2019	2019		
	£	£	£	£	£
Income within charitable activities	1,090,468	85,745	4,495	1,180,708	1,197,826

### 5 Investments

	Restricted funds	Total
	2019	2018
	£	£
Interest receivable	102	-

### 6 Charitable activities

	Charitable Expenditure 2019	Charitable Expenditure 2018
	£	£
Staff costs	931,378	848,362
Depreciation and impairment	29,773	28,933
Rent and rates	42,096	40,086
Teaching materials and course fees	41,112	49,322
Insurance	7,072	6,086
Light and heat	17,236	17,664
Repairs and maintenance	20,849	15,069
Postage and stationery	10,965	6,993
Telephone	18,275	17,333
Travelling	4,429	4,145
Bank charges	626	1,138
Legal and professional fees	8,129	2,752
Auditors remuneration	4,800	4,920
Auditors fees for non-audit work.	3,860	3,789
Activities and visits	32,093	22,935
Loan Interest	1,689	2,127
Subscriptions	3,815	2,872
Other charitable expenditure	9,434	500
	1,187,631	1,075,026

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year. Trustees expenses were paid totalling £44 (2018 - £112).

#### 8 Employees

##### Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
	45	45
	<u>45</u>	<u>45</u>
<b>Employment costs</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	852,344	781,653
Social security costs	48,357	37,013
Other pension costs	19,380	13,685
	<u>920,081</u>	<u>832,351</u>

#### 9 Tangible fixed assets

	Improvements to property	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2018	150,000	93,770	156,719	55,964	456,453
Additions	-	5,408	23,893	-	29,301
	<u>150,000</u>	<u>99,178</u>	<u>180,612</u>	<u>55,964</u>	<u>485,754</u>
At 31 March 2019	150,000	99,178	180,612	55,964	485,754
<b>Depreciation and impairment</b>					
At 1 April 2018	18,750	33,175	139,200	51,986	243,111
Depreciation charged in the year	3,000	9,045	14,668	3,061	29,774
	<u>21,750</u>	<u>42,220</u>	<u>153,868</u>	<u>55,047</u>	<u>272,885</u>
At 31 March 2019	21,750	42,220	153,868	55,047	272,885
<b>Carrying amount</b>					
At 31 March 2019	<u>128,250</u>	<u>56,958</u>	<u>26,744</u>	<u>917</u>	<u>212,869</u>
At 31 March 2018	<u>131,250</u>	<u>60,595</u>	<u>17,519</u>	<u>3,978</u>	<u>213,342</u>

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

<b>10</b>	<b>Financial instruments</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>			
	Debt instruments measured at amortised cost		72,291	168,685
			<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>			
	Measured at amortised cost		155,715	101,758
			<u>          </u>	<u>          </u>
<b>11</b>	<b>Debtors</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
	<b>Amounts falling due within one year:</b>			
	Trade debtors		63,557	159,951
	Other debtors		8,734	8,734
	Prepayments and accrued income		11,197	8,594
			<u>          </u>	<u>          </u>
			83,488	177,279
			<u>          </u>	<u>          </u>
<b>12</b>	<b>Loans and overdrafts</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
	Bank loans		26,058	37,166
	Other loans		24,500	24,500
			<u>          </u>	<u>          </u>
			50,558	61,666
			<u>          </u>	<u>          </u>
	Payable within one year		11,729	11,150
	Payable after one year		38,829	50,516
			<u>          </u>	<u>          </u>
<b>13</b>	<b>Creditors: amounts falling due within one year</b>		<b>2019</b>	<b>2018</b>
			<b>£</b>	<b>£</b>
		<b>Notes</b>		
	Bank loans	12	11,729	11,150
	Other taxation and social security		15,507	14,323
	Trade creditors		17,167	24,231
	Accruals and deferred income		87,990	15,861
			<u>          </u>	<u>          </u>
			132,393	65,565
			<u>          </u>	<u>          </u>

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 14 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans	12	14,329	26,016
Other borrowings		24,500	24,500
		<u>38,829</u>	<u>50,516</u>

### 15 Restricted funds

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

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

### 16 Analysis of net assets between funds

	Restricted funds 2019 £	Total 2019 £	Total 2018 £
Fund balances at 31 March 2019 are represented by:			
Tangible assets	212,869	212,869	213,342
Current assets/(liabilities)	268,355	268,355	272,048
Long term liabilities	(38,829)	(38,829)	(50,516)
	<u>442,395</u>	<u>442,395</u>	<u>434,874</u>

### 17 Operating lease commitments

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

	2019 £	2018 £
Within one year	33,600	33,600
Between two and five years	30,800	64,400
	<u>64,400</u>	<u>98,000</u>

# VALUES ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### 18 Related party transactions

There were no disclosable related party transactions during the year (2018 - none).

19 Cash generated from operations	2019 £	2018 £
Surplus for the year	7,521	123,326
Adjustments for:		
Investment income recognised in statement of financial activities	(102)	-
Depreciation and impairment of tangible fixed assets	29,773	28,933
Movements in working capital:		
Decrease/(increase) in debtors	93,792	(70,988)
Increase/(decrease) in creditors	66,249	(34,366)
<b>Cash generated from operations</b>	<b>197,233</b>	<b>46,905</b>