

**South West Apprenticeship
Company Limited**

**Directors' report and financial
statements**

Year ended 31 July 2019

Registered number 07866797



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Officers and professional advisers

Directors

C Vertigen
M Venner – Resigned 24 October 2019
L Menzies
R Harris – Appointed 28 February 2019
B Edwards – Resigned 14 December 2018
L Probert – Resigned 17 July 2019
A Forbes – Appointed 14 November 2019

Secretary

J Ward

Registered office

City of Bristol College
The College Green Centre
St George's Road
Bristol BS1 5UA

Banker

Lloyds TSB
Canons House
Canons Way
Bristol, BS99 7LB

Auditor

KPMG LLP
66 Queen Square,
Bristol, BS1 4BE

Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2019.

Activities

The primary activity of the company is that of an Apprenticeship Training Agency (ATA).

Review of developments and future prospects

The company generated a profit after tax of £10,936 (2018: £13,488) during the year ended 31 July 2019. It continues to receive support from its parent.

No dividend is proposed.

Going Concern

Notwithstanding net current liabilities of £249,168 as at 31 July 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its own cash generation and continued support from its parent undertaking, City of Bristol College, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on City of Bristol College not withdrawing financial support during that period. City of Bristol College has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' and their interests

The membership of the Board is set out on page 2.

According to the register of directors' interests, none of the directors of the company had an interest in the shares of the company or any other group company during the period.

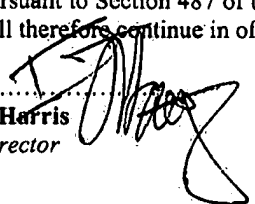
Disclosure of information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of this information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

.....
R Harris
Director



Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH WEST APPRENTICESHIP COMPANY LIMITED

Opinion

We have audited the financial statements of South West Apprenticeship Company Limited ("the company") for the year ended 31 July 2019 which comprise the Profit and Loss Account, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

17 December 2019

Profit and loss account
for the year ended 31 July 2019

	<i>Note</i>	2019 £	2018 £
Turnover		1,039,591	1,066,484
Cost of sales		(846,833)	(863,177)
Gross profit		192,758	203,307
Administrative expenses		(181,822)	(189,820)
Operating profit on ordinary activities before bank interest		10,936	13,488
Bank interest received		-	-
Profit for the financial period before taxation	2	10,936	13,488
Tax on profit on ordinary activities	5	-	-
Profit for the financial period after taxation		10,936	13,488

Other Comprehensive Income:

There were no recognised gains or losses other than the gain attributable to the shareholder of the company of £10,936 in the year ended 31 July 2019 (2018: £13,488).

All amounts relating to continuing activities.

The notes on pages 10 to 15 form part of the financial statements.

Balance sheet
at 31 July 2019

	<i>Note</i>	2019	2018
		£	£
Fixed Assets			
Intangible assets	6	2,675	400
		<u>2,675</u>	<u>400</u>
Current assets			
Debtors	7	45,727	58,059
Cash at bank and in hand		40,335	31,250
		<u>86,062</u>	<u>89,309</u>
Creditors: amounts falling due within one year	8	(335,230)	(347,138)
Net current liabilities		<u>(249,168)</u>	<u>(257,829)</u>
Net liabilities		<u>(246,493)</u>	<u>(257,429)</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account		(246,494)	(257,430)
		<u>(246,493)</u>	<u>(257,429)</u>
Equity shareholders' funds		<u>(246,493)</u>	<u>(257,429)</u>

The notes on pages 10 to 15 form part of the financial statements.

These financial statements were approved by the board of directors on 12 December 2019 and were signed on its behalf by:


 R Harris

Director

Registered number 07866797

Statement of Changes in Equity

at 31 July 2019

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 August 2016	1	(270,918)	(270,917)
Profit for the year	-	13,488	13,488
Balance at 31 July 2018	1	(257,430)	(257,429)
Balance at 1 August 2018	1	(257,430)	(257,429)
Profit for the year	-	10,936	10,936
Balance at 31 July 2019	1	(246,494)	(246,493)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The South West Apprenticeship Company Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2015. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied.

The presentation currency of these financial statements is sterling.

South West Apprenticeship Company Limited's parent undertaking, City of Bristol College, includes the Company in its consolidated financial statements. The consolidated financial statements of City of Bristol College are prepared in accordance with Financial Reporting Standard 102 and are available to the public and may be obtained from <http://www.cityofbristol.ac.uk/about-us/financial-information>. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation; and
- Related Party Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Estimates and judgments

In preparing these financial statements, no significant estimates and judgements have been made.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Notwithstanding net current liabilities of £249,168 as at 31 July 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its own cash generation and continued support from its parent undertaking, City of Bristol College, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on City of Bristol College not withdrawing financial support during that period. City of Bristol College has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Turnover

Turnover is shown exclusive of VAT. All turnover arises in the United Kingdom from the principal activity of the company, which is the provision of training and consultancy services.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Equipment is capitalised at cost. Equipment costing less than £100 per individual item is written off to the profit and loss account in the period of acquisition. Capitalised equipment is depreciated over its useful economic life as follows:

Computer equipment	-	25% per annum
General equipment	-	25% per annum

Intangible fixed assets

Software licences and software are amortised over their the shorter of the license period or estimated useful life of 4 years.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Profit on ordinary activities before taxation

	2019 £	2018 £
Profit on ordinary activities before taxation is after charging:		
Auditors' remuneration - audit fees	2,600	2,600

3 Directors

One director was remunerated for services provided during the period, as follows:

	2019 £	2018 £
Gross pay	40,680	39,073
Pension contributions	3,520	2,964
	44,200	42,037

The pension contributions were for a money purchase scheme, funded jointly by the director and company. At the balance sheet date, £nil (2018: £nil) of pension contributions were outstanding and are included within creditors.

The remaining directors were remunerated by the parent, City of Bristol College. It is not practicable to allocate their remuneration between their services as executives of City of Bristol College and their services as directors of other group companies.

Notes (continued)

4 Staff costs

The company had the following staffing costs and employees:

	2019 £	2019 Staff Numbers
Apprentices	833,803	59
Administration and training staff	<u>152,766</u>	<u>5</u>
	<u>986,569</u>	<u>64</u>

	2018 £	2018 Staff Numbers
Apprentices	840,643	66
Administration and training staff	<u>153,651</u>	<u>5</u>
	<u>994,294</u>	<u>71</u>

The company has applied the exemptions available in respect of the disclosure of Key Management Personnel compensation.

5 Taxation

The tax charge is made up as follows:

	2019 £	2018 £
Current tax		
UK corporation taxation at 19% (2018: 19.67%)	<u>1,874</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	<u>(1,874)</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

As at 31 July 2019 there was an un-provided deferred tax asset of £33,750 (2018: £37,378)

Notes (continued)

5 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19.67%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	10,936	13,488
Tax on Profit at standard rate of tax of 19% (2018: 19.67%)	2,078	2,563
Capital allowances for period in excess of depreciation	(204)	(75)
Movement in short term timing differences	-	(456)
Reduction in tax losses	(1,874)	(2,032)
Corporation tax charge for year	-	-

6 Intangible fixed assets

	Software licences £
Cost	
At 1 August 2018	1,200
Additions during the year	2,675
Disposals during the year	-
Cost at 31 July 2019	3,875
Amortisation	
At 1 August 2018	800
Charge for the period	400
Eliminated on disposal	-
At 31 July 2019	1,200
Net Book Value	
At 31 July 2019	2,675
At 31 July 2018	400

Notes (continued)

7 Debtors

	2019	2018
	£	£
Trade debtors	34,595	46,728
Prepayments	3,907	3,215
Other debtors	7,225	8,116
	<u>45,727</u>	<u>58,059</u>

8 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade Creditors	4,043	4,084
Amounts owed to parent undertaking	215,346	228,480
Taxation and social security	55,239	55,171
Accruals & Deferred Income	60,601	59,403
	<u>335,229</u>	<u>347,138</u>

The amount owed to City of Bristol College is repayable on demand and is non-interest bearing.

9 Share capital

	2019	2018
	£	£
<i>Called up, allotted and not yet paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

10 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the existing scheme.

11 Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS102 Related Party Disclosures, on the grounds that it is a wholly owned subsidiary of City of Bristol College, whose financial statements are publicly available.

12 Ultimate parent undertaking and controlling party

At 31 July 2019 the directors considered City of Bristol College to be the ultimate parent undertaking and controlling party. A copy of its financial statements may be obtained from City of Bristol College, The College Green Centre, St George's Road, Bristol, BS1 5UA.