

BUCKINGHAMSHIRE EDUCATION SKILLS AND TRAINING

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**YEAR ENDED
31 JULY 2018**

FRIDAY



A26 *A7IU3DLY* 16/11/2018 #101
COMPANIES HOUSE

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

COMPANY INFORMATION

Directors:

Prof R Bunting
Dr M Hipkins
K McCrea
L Llewellyn
K Mitchell
I Barham
E Weiss
I Harper

Secretary:

E Smith

Company Number:

08522869

Registered Office:

Queen Alexandra Road
High Wycombe
Buckinghamshire
HP11 2JZ

Auditor:

RSM UK AUDIT LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

Contents	Page
Directors' Report	4 – 6
Independent Auditor's Report to the Members	7 – 9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Financial Position	12
Notes to the Financial Statements	13 – 18

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 2018. The company is a private company limited by guarantee without share capital. The company was founded by the current members, Aylesbury College (trading as Buckinghamshire College Group) and Buckinghamshire New University, and is an exempt charity under paragraph 28 of the Charities Act and the Higher Education Funding Council for England (HEFCE) is its principal regulator.

Principal Activities

The company's objectives are to advance the education of the public by providing higher and further education and carrying out ancillary activities.

Review of Activities

2017-18 has been the second full year of operation from the campus facility in Aylesbury known as University Campus Aylesbury Vale (UCAV). Students numbers increased from 300 to 450 in this year across a wide range of courses stretching from foundation degrees to professional development courses.

As anticipated, the members of BEST have continued to be required to fund the operational costs of the building lease and other costs whilst the student numbers develop further. The members continue to monitor progress against their expectations and long term plan. Loans will be repayable from retained earnings in future years.

The Statement of Comprehensive Income is shown on page 10.

Transfer to Reserves

The deficit for the year retained in the company is £1,518k (2017 – £1,657k). This reflects the current level of investment into BEST as described above.

Future Developments

The course plan for the 2018-19 academic year continues to see an increase in the available number of courses, with the development of apprenticeship programmes to be delivered from UCAV a particularly exciting initiative. The long term plan for the business continues to be refined to take account of changes in local environment and the offerings available through the members.

During the year BEST finalised, and began to draw down, the funding grant from the Buckinghamshire Thames Valley Local Enterprise Partnership to assist in further developing the UCAV facility. The emphasis is on local priority skills development and business incubation. The development has been delayed by 6 months due and is now to be operational by the start of the 2019 calendar year.

Public Benefit

The directors confirm that they have paid due regard to the Charity Commission's general guidance on public benefit, "Charitable Purposes and Public Benefit".

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

DIRECTORS' REPORT (Continued)

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that he ought to have taken as a director in order to make himself aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Directors

The directors who held office during the year were as follows:

Prof R Bunting
Dr M Hipkins
K McCrea
I Kirkman (resigned 31 July 2018)
L Llewellyn (appointed 1 August 2018)
K Mitchell
I Barham
N Hussain (resigned 31 July 2018)
I Harper
E Weiss (appointed 24 November 2017)

Auditors

A resolution for reappointment of RSM UK Audit LLP as auditors of the company is to be proposed at the annual general meeting.

DIRECTORS' REPORT (Continued)

Statement of directors' responsibilities

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 the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and surplus / (deficit) of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

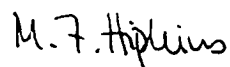
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Small companies

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the Board



Dr M Hopkins
Director

Independent auditor's report to the members of Buckinghamshire Education Skills and Training

Opinion

We have audited the financial statements of Buckinghamshire Education Skills and Training (the 'company') for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Policies).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its loss 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Independent auditor's report to the members of Buckinghamshire Education Skills and Training (continued)

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of Buckinghamshire Education Skills and Training (continued)

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Use of our 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.

RSM UK Audit LLP

Sarah Mason FCA (Senior Statutory Auditor)

For and on behalf of
RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Date: 15 November 2018

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018**

	Notes	2018 £'000	2017 £'000
Income		248	111
Expenditure			
Operating expenses		(632)	(666)
Depreciation		(344)	(344)
Interest payable and other finance costs	4	(790)	(758)
Operating loss		<u>(1,518)</u>	<u>(1,657)</u>
Total Comprehensive Income for the year	2	<u><u>(1,518)</u></u>	<u><u>(1,657)</u></u>

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2018

	£'000
Balance as at 1st August 2016	(1,563)
Loss and Total Comprehensive Income for the period	(1,657)
Balance at 31st July 2017	<u>(3,220)</u>
Loss and Total Comprehensive Income for the period	(1,518)
Balance at 31st July 2018	<u><u>(4,738)</u></u>

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2018

	Notes	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Fixed Assets	5	19,937	20,082
CURRENT ASSETS			
Debtors	6	20	170
Creditors falling due within one year	7	(437)	(900)
NET CURRENT LIABILITIES		<u>(417)</u>	<u>(730)</u>
Creditors falling due after one year	8	(24,258)	(22,572)
NET LIABILITIES		<u>(4,738)</u>	<u>(3,220)</u>
RESERVES			
Income and Expenditure account		(4,738)	(3,220)
TOTAL RESERVES		<u>(4,738)</u>	<u>(3,220)</u>

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

The financial statements on pages 10 to 18 were approved by the board of directors on 13 November 2018 and were signed on its behalf by:

M. F. Hipkins

Dr M Hipkins
Director

Registered Number 08522869

NOTES TO 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 financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000. The principal accounting policies adopted are set out below.

Going concern

The directors have a reasonable expectation that the company will be able to continue for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the financial statements. In considering going concern, the directors have reviewed the company's future cash requirements and earnings projections and have concluded that the company will be able to operate with the support of its constituent members.

Turnover

Income derives from the use of space within the leasehold asset and is recognised in the period for which the activity occurs and includes all activity from the Company's members and any relevant third parties.

Turnover from grants is included to the extent that the conditions of funding have been met or the extent of the completion of the contract or service concerned. Non-recurrent grants received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Fixed assets and depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their useful economic lives. The useful economic lives of fixed assets are as follows:

- Leasehold buildings – 50 years
- Adaptions to buildings – 20 years
- Furniture and fittings – 10 years
- Computer equipment – 4 years
- Other Equipment – 6-10 years

Leasehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Leased assets

Assets held under finance leases are recognised at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Taxation

The entity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and as such within the meaning of paragraph 1 of schedule 6 to the Finance Act 2010. Accordingly, the entity is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 to 488 of the Corporation Taxes Act 2010 (formerly enacted in section 505 of the Income and Corporation Taxes Act 1988), or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The entity receives no similar exemption in respect of Value Added Tax.

Financial liabilities

All loans held by the Company are classified as basic financial instruments.

2. Loss on ordinary activities before taxation

	2018 £'000	2017 £'000
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration: audit	11	12
Depreciation of owned tangible fixed assets	38	38
Depreciation of leasehold tangible fixed assets	306	306
Interest charged on leasehold assets	706	715

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Directors' remuneration

	2018 £'000	2017 £'000
Directors' remuneration	85	84
	<u>85</u>	<u>84</u>

The number of directors to whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 – 1).

4. Interest Payable and Other Finance Costs

	2018 £'000	2017 £'000
Interest charged on leasehold assets	706	715
Interest charged on loans from members	84	43
	<u>790</u>	<u>758</u>

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Tangible Fixed Assets

	Leasehold Land & Buildings £'000	Equipment £'000	Furniture £'000	Total £'000
Cost or Valuation				
At 1 August 2017	20,664	7	20	20,691
Additions	45	154	-	199
At 31 July 2018	<u>20,709</u>	<u>161</u>	<u>20</u>	<u>20,890</u>
Depreciation				
At 1 August 2017	606	1	2	609
Charge for year	341	1	2	344
At 31 July 2018	<u>947</u>	<u>2</u>	<u>4</u>	<u>953</u>
Net Book Value at 31 July 2018	<u>19,762</u>	<u>159</u>	<u>16</u>	<u>19,937</u>
Net Book Value at 31 July 2017	<u>20,058</u>	<u>6</u>	<u>18</u>	<u>20,082</u>

Land & Buildings includes land valued at £4,500,000. At 31 July 2018 the net amount of assets held under finance leases is £18,950,000 and the amount of depreciation charged on those assets in the year was £306,000.

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Debtors

	2018 £'000	2017 £'000
Trade debtors and Prepayments	20	170
	<u>20</u>	<u>170</u>

7. Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	119	294
Accruals	61	392
Deferred capital grants	34	-
Finance lease obligations	223	214
	<u>437</u>	<u>900</u>

8. Creditors: Amounts falling due after one year

	2018 £'000	2017 £'000
Deferred capital grants	120	-
Amounts owed to members	4,929	3,179
Finance lease obligations	19,209	19,393
	<u>24,258</u>	<u>22,572</u>

Within finance lease obligations, £17,370,000 is due after more than 5 years.

Buckinghamshire Education Skills and Training
Directors' Report and Financial Statements for the Year Ended 31 July 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Financial Commitments

At 31 July, total commitments under non-cancellable operating leases were as follows:

	2018 £'000	2017 £'000
Expiring within one year	3	12
Expiring within two and five years inclusive	-	3
	<u>3</u>	<u>15</u>

10. Company Status

The company is a private company limited by guarantee. Under the terms of the Articles of Association, each member is liable to contribute a sum not exceeding the sum of one pound in the event of the company being wound up. The company was founded by the current members, Buckinghamshire College Group (formerly Aylesbury College) and Buckinghamshire New University.

11. Related party transactions

The members of the company are Buckinghamshire College Group (formerly Aylesbury College) and Buckinghamshire New University. Transactions with the related parties during the year were as follows:

	2018 £'000	2017 £'000
Buckinghamshire New University:		
Income from revenue generating activities	104	40
Loans to support ongoing operation of Company	3,933	2,545
Buckinghamshire College Group:		
Income from revenue generating activities	130	53
Loans to support ongoing operation of Company	996	634