

REGISTERED COMPANY NUMBER: 09019610 (England and Wales)
REGISTERED CHARITY NUMBER: 1157785

Report of the Trustees and
Audited Financial
Statements for the Year
Ended 31 August 2018
for

Heart of Birmingham
Vocational College
Limited

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT



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for the year ended 31 August 2018

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Report of the Trustees
for the year ended 31 August 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2018. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives and aims

OUR OBJECTIVES

The charity's objectives are such charitable purposes for the public benefit as are exclusively charitable according to the laws of England and Wales as the Directors may from time to time determine in particular but not exclusively by the provision of education.

o Promoting social inclusion amongst people who are socially excluded by providing them with opportunities for training, employment or social interaction, in order to relieve their need or assist them to integrate into society. For the purposes of this object, 'socially excluded' means people who are excluded from society, or parts of society, as a result of one or more of the following factors:

- o Special Educational needs
- o Disability
- o Poor Education
- o Poor skills attainment

o Advancing health by promoting and protecting the health, moral, confidence, well-being, skills and abilities for people who are deemed vulnerable; and

o Promoting for the benefit of the inhabitants of Birmingham and the surrounding area the provision of facilities by reason of their age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

OUR VISION

To be a progressive leader in specialist education providing valuable lifelong learning.

OUR MISSION

To stretch and challenge our learners to enable them to be independent, employable, members of the community and to reach their full potential.

OUR AIM

The work of the College will be driven by a relentless focus on 5 key aims:

Employability

Increase opportunities for real work, raising both the profile of disabled young people across the city and the community's understanding of disability, so that the College is seen as the specialist provider in the field of work for young adults with special educational needs in Birmingham City and beyond.

Independent Living

Develop the independent living skills of our learners including their communication skills and confidence to help them become resilient lifelong learners and able to live as independently as possible.

Teaching and Learning

Plan, deliver and measure the impact of a relevant vocational and life skills based curriculum, enriched by creative opportunities and experiences both in the college and beyond, which provides memorable learning opportunities, including ensuring learners learn about personal safety, healthy living and emotional wellbeing.

Governance and Leadership and Management

Strengthen the governance and leadership of the College and the quality of teaching so that the learners thrive and the College is characterised by high expectations and excellent measurable outcomes for all learners.

External Agencies and Support

Further strengthen our collaboration with other agencies, including families, across the education, social care and health sectors so that all are clear about what services are on offer and how to access them so that learners' needs are better met.

OBJECTIVES AND ACTIVITIES

Significant activities

Learner numbers

Our learner numbers have grown year on year since we were established in 2014:

2014/2015: 8 learners

2015/16: 28 learners

2016/2017: 39 learners

2017/2018: 52 learners

What we do:

Our curriculum is delivered through practical sessions which are learner led - learning through meaningful, realistic, hands-on activities that will equip our learners for the future they want. All our learners will be able to make important choices about their own learning and about the direction they want their life to go in.

Threaded through each individual programmes are -

- o Continued support with functional skills - English, maths and ICT
- o Fully supported individual communication needs
- o Extensive support and clear strategies to assist with emotional development

Our approach at HBVC is person centred, we work with our learners to create an individual programme based on their interests, aspirations and needs.

- o Openness- we use a simple, open and honest approach
- o Challenge- we challenge expectations and awareness internally and externally
- o Excellence- we aim for excellence in all our teaching and learning
- o Development- we strive to improve consistently the skills and abilities of our learners and staff
- o Inclusion- we recognise the value of each individual

ACHIEVEMENT AND PERFORMANCE

Notable highlights during 2017/2018 include:

Ofsted

Taken from Ofsted report to the Principal, dated 2nd July 2018:

"Following the short inspection on 27 and 28 June 2018, I write on behalf of Her Majesty's Chief Inspector of Education, Children's Services and Skills to report the inspection findings. The inspection was the first short inspection carried out since the provider was judged to be good in April 2015. This provider continues to be good.

You, and most of your senior leadership team, are new to the college. Despite significant changes in staffing at the college you, senior leaders and the directors, have worked hard to ensure that learners continue to benefit from high-quality education and training for employment.

Directors, though few in number, are committed to the continuous improvement of the college. The challenge they provide to you and your team has improved further since the previous inspection. They have a clear understanding of the college's strengths and areas for improvement."

Working in partnership

HBVC has made an excellent link with Global Premier Soccer, Oxford. June 2018 saw the first residential trip available to all HBVC learners. For many of our learners this was their first residential trip, and spending time away from home. The trip was well organised and supported by a team from Pro-cision Football Academy, Oxford. The success of this trip has led to two additional residential trips being booked and planned for 2018/2019.

Investments and Maintenance

HBVC has sourced an additional premises that will be opening in 2019, this is an investment for the college and will enable our cohort of learners to be more varied and increase in numbers.

Additional senior leadership roles that we have recruited, or existing staff appointed, for the academic year 2018/2019 are:

Head of Student Wellbeing

Head of Teaching and Learning

Head of Employability

These roles will support the needs of the learners and strengthen the leadership team.

ACHIEVEMENT AND PERFORMANCE

HBVC will be recruiting a Facilities Manager for 2018/2019 - this will support the forthcoming expansion to new premises and enable the Principal to gain up to date health and safety information and guidance.

Transport

The board and Senior Leadership team have made the decision to invest in our own fleet of minibuses and transport team. This will enable HBVC to have more control over the transporting of learners to and from college and travel support for work placements, Supported Internships and trips and visits.

FINANCIAL REVIEW

Our Finances

Most of the college's income is obtained from the EFSA or local authority. The use of these funds is not restricted to a particular purpose. During the year to 31 August 2018, the college received total income of £1,240,017 (2017: £921,250) and incurred total expenditure of £1,325,088 (2017: £793,345). The deficit of income against expenditure was £85,071 (2018: surplus £127,905).

At 31 August 2018 the net book value of fixed assets was £367,740 (2017: £378,469) and movements in tangible fixed assets are shown in note 11 to the financial statements.

Reserves policy

The trustees review the level of reserves held by the charity annually. This review encompasses the nature of income and expenditure streams, the need to match commitments and the nature of reserves. The trustees believe they need to have sufficient funds to allow them to meet obligations arising and to cover any future changes in the level of funding received from the EFSA or local authority. As at 31 August 2018 reserves totalled £82,591 comprising £450,331 unrestricted funds less £367,740 held as fixed assets (2017: £156,933 comprising £535,402 unrestricted funds less £367,469 held as fixed assets). Having carefully considered the expected income and expenditure of the college for the future, the trustees feel that no more than 10% of annual income should be retained as unrestricted funds at the period end. The trustees have reviewed the current level of reserves, which is below (2017: above) the 10% guideline. The trustees expect that developments in the new year will help the charity progress towards meeting the guideline.

FUTURE PLANS

The Directors intend to continue their current strategies of maintaining the college's position in a competitive market by investing to provide high quality education for our learners. The Principal, senior leaders and staff continue to review the curriculum to ensure that the programmes remain appropriate for our learners' development. Our future plans will be financed primarily from the ESFA and Birmingham City Council.

Leaders and managers have set a strategic plan that the following would be achieved by 2020:

- o Aim 1. Increase opportunities for real work, through disability awareness across the city, thus developing the college as a recognised specialist provider.
- o Aim 2. Develop independent living skills including communication and confidence to help them become resilient, lifelong learners able to live as independently as possible.
- o Aim 3. Plan and deliver a broad curriculum to encompass transferrable skills which enable learners to be fit for life.
- o Aim 4. Directors and the senior leadership team foster a culture of high expectations and excellence.
- o Aim 5. To ensure all relevant external agencies are accessed and utilised as appropriate

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, its articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The Trustees of HBVC are also the Directors of the charitable company for the purposes of company law.

Members liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees

Trustees are appointed in accordance with the articles of association of the Charity. Details of the trustees who served throughout the year and the registered office are included in the Reference and Administrative Details section of this report.

Subject to the articles of association, a Trustee appointed by the members shall hold office for a term of up to three years from the date of his or her appointment. One third (or the number nearest to one third) of the Trustee must retire each year, those longest in office retiring first and the choice between any of equal service being made by drawing lots.

A Trustee may serve a maximum of three terms, of up to three years per term. A Trustee who has completed three continuous terms of service as a Trustee will not be eligible to be re-appointed as a Trustee until one year after his/her retirement. In this Article 'year' means the period between one AGM and the next.

Trustee inductions are individually tailored to meet the needs of each Trustee. External Trustee training is offered to all Trustees who are new to such a role covering topics such as duties of Trustees under company and charity law, governance and effective interpersonal relationships. Trustees who have previously undertaken Trustee training are invited to undertake a refresher course. Training needs will be assessed individually on an annual basis going forwards.

The Charity is governed by the Trustees who met for meetings during the year. Decisions are taken collectively with questions arising at meetings decided by a majority of votes. The Chair of Trustees has a second or casting vote in the event of an equality of votes.

Financial

The Trustees give of their time freely, the pay and remuneration of the Principal and Senior Leadership Team is set by the Trustees and is kept under annual review.

Organisational structure

The Directors determine the general policy of HBVC. The day to day running of HBVC is passed on to the Principal, supported by the Senior Leadership Team. The Principal undertakes the key leadership role overseeing educational, pastoral and administrative, including financial, tasks and duties in consultation with the Senior Leadership Team. The Principal oversees the recruitment of all staff. The Principal is invited to attend Directors' meetings.

Related parties

HBVC is a member of Natspec, which gives us the opportunity to share expertise, knowledge and experience, and seek advice and guidance across the Independent Specialist College sector.

Risk management

The Directors are responsible for the overseeing of the risks faced by the College. Detailed considerations of risk are delegated to the Senior Leadership Team. Risks are identified, assessed and controls established throughout the year. A formal review of the charity's risk management processes is undertaken on an annual basis. Risk is managed under the headings of financial sustainability, college safety, learner welfare, employment, college trips and events and community access. The main risks that the Directors have identified and the plans to manage those risks are:

- o Status - upholding our reputation as a good educational provider
- o Finances - sufficient funds to allow the college to function
- o Core curriculum - a holistic approach to a meaningful and challenging curriculum

GOING CONCERN

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the HBVC has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

PUBLIC BENEFIT

The Directors have considered the Charity Commission's requirement in respect of public benefit. In their view, the charity meets, in full, the criteria to satisfy the test. The Directors' annual report describes the activities undertaken to further its charitable purposes for the public benefit.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

09019610 (England and Wales)

Heart of Birmingham Vocational College
Limited

Report of the Trustees
for the year ended 31 August 2018

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number
1157785

Registered office

19A Cato Street
Birmingham
B7 4TS

Trustees

C Bennett	
E A Morgan	- appointed 22.5.18
S M Griffiths	- appointed 17.10.18
J Lawrence	
Z Bhatti	- appointed 22.5.18
R Orton	- resigned 22.5.18
L Reid	- resigned 5.5.18
R Martin	- resigned 12.2.18

Clerk to the Trustees

D Paul

Principal

E Clark

Auditors

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Bankers

HSBC
96 High Street
Kings Heath
Birmingham
B14 7LD

Website

www.hbvc.ac.uk

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Heart of Birmingham Vocational College Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Nicklin Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting. The previous auditors, BDO LLP, ceased on 8 April 2019, at which point Nicklin Audit Limited were appointed.

Approved by order of the board of trustees on 24/5/19 and signed on its behalf by:


C Bennett - Trustee

Opinion

We have audited the financial statements of Heart of Birmingham Vocational College Limited (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (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 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable 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 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 charitable 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 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 Report of the Independent Auditors thereon.

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.

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes 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 charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Nicklin Audit Limited

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Date: 24/5/19

Heart of Birmingham Vocational College
Limited

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2018

		2018 Unrestricted fund £	2017 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	38,307	28,106
Charitable activities	4		
Education		1,201,710	893,144
Total		1,240,017	921,250
EXPENDITURE ON			
Charitable activities	5		
Education		1,325,088	793,345
NET INCOME/(EXPENDITURE)		(85,071)	127,905
RECONCILIATION OF FUNDS			
Total funds brought forward		535,402	407,497
TOTAL FUNDS CARRIED FORWARD		450,331	535,402

The notes form part of these financial statements

Balance Sheet
At 31 August 2018

	Notes	2018 Unrestricted fund £	2017 Total funds £
FIXED ASSETS			
Tangible assets	11	367,740	378,469
CURRENT ASSETS			
Debtors	12	57,920	138,336
Cash at bank		180,013	254,230
		<u>237,933</u>	<u>392,566</u>
CREDITORS			
Amounts falling due within one year	13	(99,202)	(161,836)
NET CURRENT ASSETS		<u>138,731</u>	<u>230,730</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		506,471	609,199
CREDITORS			
Amounts falling due after more than one year	14	(56,140)	(73,797)
NET ASSETS		<u>450,331</u>	<u>535,402</u>
FUNDS	15		
Unrestricted funds		450,331	535,402
TOTAL FUNDS		<u>450,331</u>	<u>535,402</u>

Balance Sheet - continued
At 31 August 2018

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2018.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each 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 charitable company.

These financial statements have been audited under the requirements of Section 144 of the Charities Act 2011.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on29/5/19..... and were signed on its behalf by:


C Bennett -Trustee

Heart of Birmingham Vocational College
Limited

Cash Flow Statement
for the year ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>20,193</u>	<u>404,871</u>
Net cash provided by (used in) operating activities		<u>20,193</u>	<u>404,871</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(26,399)</u>	<u>(78,580)</u>
Net cash provided by (used in) investing activities		<u>(26,399)</u>	<u>(78,580)</u>
Cash flows from financing activities:			
Loan repayments in year		<u>(64,000)</u>	<u>(64,000)</u>
Interest paid		<u>(4,011)</u>	<u>(8,061)</u>
Net cash provided by (used in) financing activities		<u>(68,011)</u>	<u>(72,061)</u>
Change in cash and cash equivalents in the reporting period		<u>(74,217)</u>	<u>254,230</u>
Cash and cash equivalents at the beginning of the reporting period		<u>254,230</u>	<u>-</u>
Cash and cash equivalents at the end of the reporting period		<u><u>180,013</u></u>	<u><u>254,230</u></u>

The notes form part of these financial statements

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(85,071)	127,905
Adjustments for:		
Depreciation charges	37,128	21,459
Interest paid	4,011	8,061
Decrease in debtors	80,416	26,033
(Decrease)/increase in creditors	(16,291)	221,413
Net cash provided by (used in) operating activities	<u>20,193</u>	<u>404,871</u>

1. CHARITABLE COMPANY INFORMATION

The Heart of Birmingham Vocational college Limited is a private limited charitable company limited by guarantee not having share capital, incorporated and domiciled in England and Wales. The registered office is 19a Cato Street, Nechells, Birmingham, B7 4TS.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not believe there are any assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation and apportionment of costs

All costs are allocated between expenditure categories in the Statement of Financial Activities on a basis designed to reflect the use of the resource.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 3% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Notes to the Financial Statements - continued
for the year ended 31 August 2018

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Retirement benefits to employees of the charity are provided by the Teachers' Pension Scheme and the Local Government Pension Scheme. These are defined benefit schemes. As stated in Note 17 the Teachers' Pension Scheme is a multi-employer scheme and there is insufficient information to use defined benefit accounting. Only a minority of the charity's employees are in the Local Government Pension Scheme and consequently no formal valuation of the scheme liability has been obtained for these financial statements. Both schemes are therefore treated as defined contribution schemes for accounting purposes and the contributions payable are charged to the Statement of Financial Activities in the period to which they relate.

Financial instruments

The charity enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade debtors and trade creditors and loans from connected companies. These debt instruments are measured at the amount of the cash or other consideration expected to be received or paid.

3. DONATIONS AND LEGACIES

	2018	2017
	£	£
Parental donations	36,624	26,633
Other income	1,683	1,473
	<u>38,307</u>	<u>28,106</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2018	2017
		£	£
ESFA income	Education	489,631	413,074
Local authority income	Education	712,079	480,070
		<u>1,201,710</u>	<u>893,144</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 6)	Totals
	£	£	£
Education	<u>994,605</u>	<u>330,483</u>	<u>1,325,088</u>

6. SUPPORT COSTS

	Other £
Education	<u>330,483</u>

Support costs, included in the above, are as follows:

Notes to the Financial Statements - continued
for the year ended 31 August 2018

6. SUPPORT COSTS - continued

Other

	2018 Education £	2017 Total activities £
Lunch	-	288
Catering	48,465	23,583
Marketing	21,394	355
Rent and rates	9,213	7,038
Water rates	1,745	2,659
Waste collection	1,948	1,932
Cleaning	8,990	4,723
Gas & electricity	5,400	5,909
Motor expenses	-	2,465
Office costs	13,850	11,088
Phone & mobile	4,551	4,093
Subscriptions & memberships	16,420	7,849
Legal & professional fees	65,439	18,222
Insurance	10,104	2,235
Auditors fee	6,600	8,000
Repairs & renewals	21,806	5,913
Security	9,887	2,990
Health & safety	11,014	1,575
Bank charges & interest	355	232
Depreciation	37,128	21,459
IT expenditure	26,670	10,118
General expenses	-	8,036
Loan interest payable	4,011	8,061
Website costs	5,433	10,459
Penalties	60	889
	<u>330,483</u>	<u>170,171</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2018 £	2017 £
Depreciation - owned assets	37,128	21,459
Auditor's fees - statutory audit	6,600	8,000
Auditor's fees - other financial services	<u>16,548</u>	<u>-</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2018 (2017: £75).

9. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	558,130	289,211
Social security costs	50,134	25,024
Other pension costs	76,940	44,356
	<u>685,204</u>	<u>358,591</u>

The average monthly number of employees during the year was as follows:

2018	2017
<u>21</u>	<u>11</u>

No employees received emoluments in excess of £60,000 (2017: None).

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	28,106
Charitable activities	
Education	<u>893,144</u>
Total	<u>921,250</u>
 EXPENDITURE ON	
Charitable activities	
Education	<u>793,345</u>
Total	<u>793,345</u>
 NET INCOME/(EXPENDITURE)	<u>127,905</u>
 RECONCILIATION OF FUNDS	
Total funds brought forward	<u>407,497</u>
 TOTAL FUNDS CARRIED FORWARD	<u><u>535,402</u></u>

Notes to the Financial Statements - continued
for the year ended 31 August 2018

11. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2017	310,000	59,782	41,712	11,250	422,744
Additions	-	26,244	-	155	26,399
At 31 August 2018	<u>310,000</u>	<u>86,026</u>	<u>41,712</u>	<u>11,405</u>	<u>449,143</u>
DEPRECIATION					
At 1 September 2017	27,900	4,124	10,581	1,670	44,275
Charge for year	9,300	17,205	8,342	2,281	37,128
At 31 August 2018	<u>37,200</u>	<u>21,329</u>	<u>18,923</u>	<u>3,951</u>	<u>81,403</u>
NET BOOK VALUE					
At 31 August 2018	<u>272,800</u>	<u>64,697</u>	<u>22,789</u>	<u>7,454</u>	<u>367,740</u>
At 31 August 2017	<u>282,100</u>	<u>55,658</u>	<u>31,131</u>	<u>9,580</u>	<u>378,469</u>

Included within freehold land and buildings are amounts of £272,800 (2017: £282,100) which are secured against other loans.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other debtors	37,475	5,025
Prepayments and accrued income	<u>20,445</u>	<u>133,311</u>
	<u>57,920</u>	<u>138,336</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	45,151	66,329
Social security and other taxes	15,737	8,017
Other creditors	10,046	9,198
Other loans	21,668	64,000
Accrued expenses	<u>6,600</u>	<u>14,292</u>
	<u>99,202</u>	<u>161,836</u>

Other loans of £21,668 (2017: £64,000) are secured on the freehold land and buildings of the charity.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Other loans	<u>56,140</u>	<u>73,797</u>

Other loans of £56,140 (2017: £73,797) are secured on the freehold land and buildings of the charity.

Notes to the Financial Statements - continued
for the year ended 31 August 2018

15. MOVEMENT IN FUNDS

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
General fund	535,402	(85,071)	450,331
TOTAL FUNDS	<u>535,402</u>	<u>(85,071)</u>	<u>450,331</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,240,017	(1,325,088)	(85,071)
TOTAL FUNDS	<u>1,240,017</u>	<u>(1,325,088)</u>	<u>(85,071)</u>

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
Unrestricted Funds			
General fund	407,497	127,905	535,402
TOTAL FUNDS	<u>407,497</u>	<u>127,905</u>	<u>535,402</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	921,250	(793,345)	127,905
TOTAL FUNDS	<u>921,250</u>	<u>(793,345)</u>	<u>127,905</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.16 £	Net movement in funds £	At 31.8.18 £
Unrestricted funds			
General fund	407,497	42,834	450,331
TOTAL FUNDS	<u>407,497</u>	<u>42,834</u>	<u>450,331</u>

15. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,161,267	(2,118,433)	42,834
TOTAL FUNDS	<u>2,161,267</u>	<u>(2,118,433)</u>	<u>42,834</u>

16. RELATED PARTY DISCLOSURES

The key management personnel of the charity comprise the Trustees, the Principal and the Head of Student Services. The total employee benefits of the key management personnel of the charity were £80,843 (2017: £71,133).

Some staff are seconded from a local SEN school, Calthorpe Teaching Academy. As the charity evolves over a number of years, each new employee will be directly employed by the charity. During the year the amount payable to Calthorpe Teaching Academy for the staff re-charged totalled £18,017 (2017: £99,707). Included within trade creditors are amounts owed to Calthorpe Teaching Academy of £nil (2017: £25,631).

Included within other loans are amounts of £73,797 (2017: £137,797) owed to Calthorpe Teaching Academy, which are secured on the freehold land and buildings of the charity. During the year interest of £4,011 (2017: £8,061) was incurred on the loan.

During the year £nil (2017: £16,425) was paid to Greenhill Electrics, a company in which Craig Bennett's father, a Trustee, has a significant shareholding. No amounts were owed to the company at the year end.

17. PENSION COMMITMENTS

The charitable company's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £11,015 were payable to the schemes at 31 August 2018 (2017: £7,488) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £59,487 (2017: £43,086).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Local Government Pension Scheme

17. PENSION COMMITMENTS

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 18 was £23,234 (2017: £1,947) of which employer's contributions totalled £17,453 (2017: £1,270) and employees' contributions totalled £5,871 (2017: £677).

Due to the fact that only a minority of the charity's employees are in the Local Government Pension Scheme, no formal valuation of the scheme liability has been obtained for these financial statements. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Detailed Statement of Financial Activities
for the year ended 31 August 2018

	2018 £	2017 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Parental donations	36,624	26,633
Other income	1,683	1,473
	38,307	28,106
Charitable activities		
ESFA income	489,631	413,074
Local authority income	712,079	480,070
	1,201,710	893,144
Total incoming resources	1,240,017	921,250
EXPENDITURE		
Charitable activities		
Salary costs	558,130	289,211
Social security	50,134	25,024
Pensions	76,940	44,356
Agency staff	94,381	19,336
Goods	18,182	8,679
Transport activities	128,292	119,687
Staff training	22,261	4,609
Student support costs	28,267	12,565
Seconded staff	18,018	99,707
	994,605	623,174
Support costs		
Other		
Lunch	-	288
Catering	48,465	23,583
Marketing	21,394	355
Rent and rates	9,213	7,038
Water rates	1,745	2,659
Waste collection	1,948	1,932
Cleaning	8,990	4,723
Gas & electricity	5,400	5,909
Motor expenses	-	2,465
Office costs	13,850	11,088
Phone & mobile	4,551	4,093
Subscriptions & memberships	16,420	7,849
Legal & professional fees	65,439	18,222
Insurance	10,104	2,235
Auditors fee	6,600	8,000
Repairs & renewals	21,806	5,913
Security	9,887	2,990
Health & safety	11,014	1,575
Bank charges & interest	355	232
Depreciation	37,128	21,459
IT expenditure	26,670	10,118
Carried forward	320,979	142,726

Heart of Birmingham Vocational College
Limited

Detailed Statement of Financial Activities
for the year ended 31 August 2018

	2018 £	2017 £
Other		
Brought forward	320,979	142,726
General expenses	-	8,036
Loan interest payable	4,011	8,061
Website costs	5,433	10,459
Penalties	60	889
	<u>330,483</u>	<u>170,171</u>
Total resources expended	1,325,088	793,345
	<u></u>	<u></u>
Net (expenditure)/income	<u>(85,071)</u>	<u>127,905</u>