

REGISTRAR OF COMPANIES

Bexley Youth Training Group *trading as Skills for Growth*

Annual Report and Financial Statements

31 July 2015

Company Limited by Guarantee
Registration Number
01747251 (England and Wales)

Charity Registration Number
288465

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Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditor's report	11

Financial Statements

Statement of financial activities	12
Balance sheet	13
Principal accounting policies	15
Notes to the financial statements	17

Reference and administrative information

Trustees	Linda Bye David Eastgate Barbara Holden (resigned December 2014) Joel Mullan Timothy Mutti Paul Noon OBE Tim Potter (appointed June 2015) Kimerly Regisford Caroline Rouse (resigned December 2014)
Company Secretary	Val Sunderland
Registered office	17 Upland Road Bexleyheath DA7 4NR
Principal Officers	
Chief Executive Officer	Ashley McCaul
Curriculum Director	Angela Beaton
Finance Director	Adrian Berendt
Client Services Director	Stephen O'Leary
Company name	Bexley Youth Training Group
Company registration number	01747251 (England and Wales)
Charity registration number	288465
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 1 Townley Road Bexleyheath DA2 7JG
Solicitors	Bates Wells & Braithwaite 10 Queen Street Place London EC4R 1BE

Trustees' report Year to 31 July 2015

The trustees present their report with the financial statements of Bexley Youth Training Group for the year ended 31 July 2015.

This report, whilst prepared in accordance with the Charities Act 2011, serves as the report of the directors for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 15 and 16 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005.

Bexley Youth Training Group trades under the name Skills for Growth.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

Skills for Growth is a registered charity (Charity Registration No 288465) and also a company limited by guarantee not having a share capital (Company Registration No. 01747251). The company's memorandum and articles of association dated 22 August 1983 are its primary governing documents.

Members' liability

The liability of members in the event of winding up is limited to £1 per member.

Trustees

The trustees of the charity are also directors for the purposes of company legislation.

The trustees in office during the year were as follows:

Trustee

Linda Bye
David Eastgate
Barbara Holden (resigned December 2014)
Joel Mullan
Timothy Mutti
Paul Noon OBE
Tim Potter (appointed June 2015)
Kimerly Regisford
Caroline Rouse (resigned December 2015)

Trustees are appointed/re-appointed annually at the AGM as required.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustee induction and training

Prospective trustees are invited for an informal discussion with the Chief Executive or the Chair or a trustee regarding the charity, its objectives and general detail on its activities. The prospective trustee can then observe a Board Meeting to meet other trustees and to observe how meetings are conducted. If the prospective trustee formally expresses an interest in becoming a trustee, the trustees decide whether to appoint them. A formal training plan is agreed with the Chief Executive to introduce the trustee to the business and operational plans of the charity, its annual accounts and governing document and to the needs of external agencies, such as Ofsted, the Skills Funding Agency and Education Funding Agency.

Trustees' responsibilities statement

The trustees also act as the directors for the purposes of company law and are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees, as directors, 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 these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and to apply them consistently;
- ◆ observe the methods and principles in the Statement of Recommended Practice "Accounting and Reporting by Charities" (the Charities' SORP);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

Each of the trustees confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Organisation

Authority for the day to day running of the charity has been delegated to Ms A McCaul, Chief Executive, as has the day to day financial management. An expenditure threshold of £5,000 is in place for any capital expenditure required. Income and expenditure resources are monitored quarterly and an annual budget is set and agreed with the Board.

Risk management

Because of the volatile political landscape, education policy can shift significantly and at short notice. The Board, with the Chief Executive, establishes the direction of the charity and carries out a thorough risk analysis at an annual 'Strategy Day'. As well as reviewing the charitable company's inherent strengths and weakness, the trustees use this day to identify and assess the risks, opportunities and threats facing the charitable company and to form strategic and operational plans to mitigate the risks identified.

The charity has made significant improvements in the area of risk management by establishing a Risk and Audit Committee (meeting quarterly), by appointing (external) internal auditors who review the business and report findings to the Risk and Audit Committee, by developing and regularly reviewing a risk register and by reviewing and implementing more robust internal controls.

All of this work has been overseen by the Risk and Audit Committee in order to ensure the charitable funds are afforded maximum protection. The Risk and Audit Committee have also overseen audit and control improvement in the areas of "fraud risk management."

OBJECTIVES AND ACTIVITIES

Principal aims and objectives

The objective of the charity is to offer young people, who are disadvantaged and excluded from employment, the skills and knowledge needed to pursue careers which are fulfilling and in turn lead to prosperity in later lives. The key objectives for the year included:

- ◆ to increase the number of young people joining apprenticeship schemes and therefore gaining employment; and
- ◆ to improve the success rates of the training programmes provided to young people aged between 16 and 24.

PERFORMANCE REVIEW

Strategy

Following an extensive strategic review of the organisation by senior management and the Board in 2014/15, the Board agreed to publish, for the first time in its history, a five year Strategic Plan. The original purpose of the charity has remained largely unchanged since its founding and has been restated as:

"The advancement of education and employability of 14-24 year olds, who through social or economic circumstance are in need and require support to improve their prospects of workplace or educational progression."

Given the expected challenges in higher and further education, the Board agreed that the organisation should maintain a tight focus on its core business over the coming years, stated as:

- ◆ continuing to serve the education and skills needs of young people and employers in South East and East London;
- ◆ maintaining a leading position in our sector in terms of quality of service and achievement of successful outcomes for our learners; and
- ◆ seizing opportunities to expand our provision as they arise.

Financial

Financial management of the organisation continued to improve in 2014/15. With income of £3.1m remaining stable compared with the previous two years, tight cost control enabled the charity to achieve a small surplus of income over expenditure (£66k) for the first time in three years.

- ◆ Financial performance against contracts with the SFA and EFA remained strong, achieving 104% of the contract value (102% in 2013/14). Performance on the direct training contract more than offset a slight underperformance from subcontracted provision, which is gradually being reduced.

PERFORMANCE REVIEW (continued)

Financial (continued)

- ◆ Part of the cost reduction is due to one-off costs in 2013/14, relating to a legal dispute over IT provision. The police authorities continue to investigate the matter and no further financial impact to the charity is foreseen.

Operations

At the same time as making cost reductions, the charity made a number of significant improvements to its operations:

- ◆ Completed recruitment of a senior management team to support the Chief Executive – Curriculum Director, Finance Director and Quality Consultant in addition to our existing Client Services Director.
- ◆ Reduced the charity's risk profile by divesting its subcontracted learning provision. Learners on the mariner programme transferred to another specialist provider in 2014/15 and the creative media programme is being wound down, with the final learners completing in November 2016.
- ◆ Enhanced internal controls and increased focus on risk management within the organisation and at board level and further use of our outsourced internal audit partner, Scrutton Bland.
- ◆ Began negotiation to extend lease of premises in Stratford for a further 10 years to secure a base north of the Thames. Negotiating to extend the lease at Woolwich premises, while we complete a review of our operations south of the Thames.
- ◆ Improved IT support arrangements by changing to a provider with a reputation for quality and a specialism in the education sector.
- ◆ Enhanced our performance assessment capability through the purchase of new software – Smart Assessor.

Business

- ◆ Across all our apprenticeship, traineeship and study programmes, we recruited 670 learners – 370 as apprentices and 300 onto our traineeship and study programmes.
- ◆ We achieved considerable success in our traineeships and study programmes, where 295 young people (95% of those on the programmes) were offered work experience. Out of 244 learners that left us in 2014/15, 183 progressed into sustainable outcomes – a success rate of 75%.
- ◆ Within our apprenticeship programmes, we secured jobs for 313 (85%) of the 370 young people that started with us in 2014/15.
- ◆ 214 young people successfully completed their apprenticeship framework in 2014/15, which exceeds the minimum standards threshold.

PERFORMANCE REVIEW (continued)

Business (continued)

- ◆ A continued focus on the charity's original objective of helping young people from the most disadvantaged groups meant that nearly half of our intake of learners (43%) are from vulnerable groups.
- ◆ Unlike many in our sector, we tend to work with small and medium-sized enterprises and we have increased the number of employers with whom we place apprentices by 16% over 2014/15. A mark of the confidence placed in us by our employers is that we have increased the number of apprentices at each firm by 30% (from an average of 1.3 per employer in 2013/14 to 1.7 in 2014/15).
- ◆ We take particular pride in practising what we preach and we continue to employ significant numbers of apprentices and ex-apprentices – these now comprise 30% of our workforce.
- ◆ As well as passing exams and completing programmes, a key measure of our success is the extent to which young people progress into sustainable employment. In 2014/15, this figure was an impressive 71% of those who left – 223 out of 316.
- ◆ We worked with 50 schools in 2014/15 promoting apprenticeships (through the London Work Based Learning Ambassador programme). 14 young people from our schools programme progressed on to apprenticeships.
- ◆ We successfully bid for funding from the Education & Training Foundation for capacity building, as follows:
 - Maths teacher - We received £14,000 in 2014/15 (and expect a further £6,000 in 2015/16) to support the recruitment of a Maths teacher and to pay an enhanced salary package for the successful recruit.
 - Performance management - In light of the higher external and academic expectations on teaching staff, we won £10,000 to support performance improvements. We employed a Quality Improvement Consultant to develop a performance management framework for teaching staff individually and as a team, which we have called our "Pathway to Excellence". This was implemented in 2014/15 and we are already starting to see the benefits in the quality of teaching and delivery. We anticipate further improvements in 2015/16.

Objectives for 2015/16

The sector is faced with significant change over the coming years and Skills for Growth needs to ensure that it is well-placed to respond to the challenges. The overall themes for 2015/16, therefore, are consolidation and preparation: cementing in place the quality improvements begun during 2014/15 and making the operational infrastructure fit for purpose. Specifically:

- ◆ Publish and market the strategic plan 2015-2020.

PERFORMANCE REVIEW (continued)

Objectives for 2015/16 (continued)

- ◆ Develop curriculum and programmes:
 - Stemming from our extensive strategic review in 2015 we will be developing new areas of delivery to complement our current provision. Two new areas of apprenticeship delivery have been identified for development – teaching assistant and Information, Advice and Guidance;
 - New vocational programmes for two additional schools will include a period of consultation on the impact of Progress 8 and Attainment 8 on the schools' curriculum. We will begin this work with our current school partner - Bexleyheath Academy; and
 - Improve the approach to delivery of English and Maths by funding additional specific CPD for staff and paying specialist salaries to attract higher calibre staff.
- ◆ Finalise divestment of subcontracted learning.
- ◆ Achieve financial stability for the year, with a small surplus of income over expenditure:
 - Continue to grow revenues organically;
 - Retain tight control over costs; and
 - Remain open to acquisition opportunities as and when they arise.
- ◆ Invest in upgraded technology throughout the organisation:
 - To enhance access to IT in the classroom for both learners and teachers; and
 - Roll out Smart Assessor software across all programmes to automate and enhance the assessment processes for the benefit of learners, assessors, employers and internal management.
- ◆ Consolidate real estate:
 - Extend the lease on the premises in Woolwich to September 2016;
 - Perform a strategic review of operations South of the Thames;
 - Consolidate the Bexleyheath site into one building; and
 - Seek opportunities for other premises in neighbouring boroughs in South East London.

Public benefit statement

In planning the year's activities and setting objectives, the trustees have considered the Charity Commission's guidance on public benefit. Skills for Growth specialises in providing government funded apprenticeship programmes to young people in the London Boroughs of Bexley, Greenwich and Newham. The objective of the charity is to offer young people, who are disadvantaged and excluded from employment, the skills and knowledge needed to pursue careers which are fulfilling and in turn lead to prosperity in later lives.

PERFORMANCE REVIEW (continued)

Public benefit statement (continued)

Our work is primarily directed towards the young people living in the boroughs of Bexley, Greenwich and Newham. It also benefits young adults who are already in employment and are interested in furthering their skills and knowledge in life through short skills courses.

FINANCIAL REVIEW

Financial report for the year

A summary of the year's results can be found on page 13 of the attached accounts.

During the year ended 31 July 2015, the surplus for the year equated to £66,190 (2014 – deficit of £61,386), represented by total income of £3,116,108 (2014 – £3,116,507) against expenditure of £3,049,918 (2014 – £3,177,893).

The total incoming resources of £3,116,108 (2014 – £3,116,507) include income of £1,863,518 (2014 – £1,918,692) received from the SFA and £1,160,571 (2014 – £1,044,516) received from the EFA.

Total expenditure in the year of £3,049,918 (2014 – £3,177,893) includes £3,036,121 (2014 – £3,166,708) for provision of education and training, and £13,798 (2014 – £11,185) for governance costs.

Reserves policy and financial position

Reserves policy

It is the policy of the charity to maintain reserves which the trustees consider sufficient to enable the charity to fulfil its obligations, in the event of an unexpected shortfall of funds arising from sudden and lower than expected income or increase in expenditure. In particular:

- ◆ To continue to operate as a further educational establishment, including maintaining its obligations toward its staff and other creditors; or
- ◆ To enable it to pursue an orderly wind-down of operations, including fulfilling its obligations towards its staff and other creditors.

The trustees will decide from time to time the amount that is deemed to be 'sufficient', but will aim to maintain the following reserves:

- ◆ Unrestricted funds equivalent to 6 months of expenditure. Unrestricted funds are defined as those funds which could be used to satisfy creditors, albeit with some delay. They include all tangible assets of the charity, which could reasonably be expected to be turned into cash within one year.

FINANCIAL REVIEW (continued)

Reserves policy and financial position (continued)

Reserves policy (continued)

◆ Cash or near cash equivalent to:

- (a) three months expenditure, to provide sufficient liquidity to cover current management, administration and support costs; plus
- (b) known or expected cash outflows, such as investments, seasonal cash shortages, premises refurbishment.

If at any time, unrestricted reserves or cash fall below these suggested amounts, the trustees will consider how quickly it is necessary to bring them back to the agreed level and to decide on the appropriate measures. The trustees will decide from time to time how to invest other reserves that are not required to be held in cash or cash equivalents.

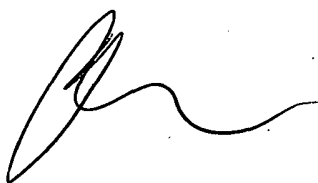
Financial position

The balance sheet shows total reserves of £2,157,957 (2014 restated - £2,091,767).

These funds include an amount of £688,128 (2014 - £705,770) which is restricted. Full details of these restricted funds can be found in note 12 to the financial statements.

General unrestricted funds of the charity at 31 July 2015 total £1,469,829 (2014 - £1,385,997), equating to approximately six months of expenditure. These funds are represented by tangible fixed assets with a net book value of £429,192 (2014 - £479,103) and 'free reserves' of £1,040,637. The level of free reserves at 31 July 2015 equates to approximately four months of ongoing expenditure.

Signed on behalf of the trustees by:



Trustee *J. G. EASTGATE*

Approved by the Board on: *22/3/2016*

Registered Company Number 01747251 (England and Wales)

Independent auditor's report to the members of Bexley Youth Training Group

We have audited the financial statements of Bexley Youth Training Group for the year ended 31 July 2015 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. 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).

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report Year to 31 July 2015

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 July 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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 trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

14 April 2016

Statement of financial activities Year to 31 July 2015

	Notes	Unrestricted funds £	Restricted funds £	Total 2015 £	Total 2014 as restated £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
Rental income		51,801	—	51,801	35,275
Interest receivable		4,045	—	4,045	12,978
Incoming resources from charitable activities					
Education and training	1	2,888,966	166,500	3,055,466	3,065,848
Other incoming resources		4,795	—	4,795	2,406
Total incoming resources		2,949,608	166,500	3,116,108	3,116,507
Resources expended					
Charitable activities					
Education and training	2	2,851,979	184,142	3,036,121	3,166,708
Governance costs	4	13,798	—	13,798	11,185
Total resources expended		2,865,776	184,142	3,049,918	3,177,893
Net incoming (outgoing) resources (net movement in funds)	5	83,832	(17,642)	66,190	(61,386)
Reconciliation of funds					
Balances brought forward at 1 August 2014 as previously stated		1,385,997	753,742	2,139,739	2,216,033
Prior year adjustment	15	—	(47,972)	(47,972)	(62,880)
Balances brought forward at 1 August 2014 (as restated)		1,385,997	705,770	2,091,767	2,153,153
Balances carried forward at 31 July 2015		1,469,829	688,128	2,157,957	2,091,767

There is no difference between the net movement in funds stated above, and the historical cost equivalent.

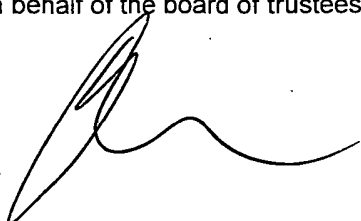
All of the charitable company's activities derived from continuing operations during the above two financial periods.

The charitable company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet 31 July 2015

	Notes	2015 £	2015 £	2014 as restated £	2014 as restated £
Tangible fixed assets	8		1,117,320		1,184,873
Current assets					
Debtors	9	398,258		270,907	
Cash at bank and in hand		999,464		881,732	
		<u>1,397,722</u>		<u>1,152,639</u>	
Creditors: amounts falling due within one year	10	<u>(357,085)</u>		<u>(245,745)</u>	
Net current assets			<u>1,040,637</u>		<u>906,894</u>
Total net assets			<u>2,157,957</u>		<u>2,091,767</u>
Funds					
Unrestricted funds			1,469,829		1,385,997
Restricted funds	12		<u>688,128</u>		<u>705,770</u>
			<u>2,157,957</u>		<u>2,091,767</u>

Signed on behalf of the board of trustees by:



Trustee

J. G. GARGAR

Approved by the Board on: 22/3/2016

Bexley Youth Training Group

Registered Company Number 01747251 (England and Wales)

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Incoming resources

Incoming resources are recognised in the period in which the charitable company is entitled to receipt and the amount can be measured with reasonable certainty. Income received under contract, or where entitlement to grant funding is subject to specific performance conditions, is recognised as the related services are provided.

Resources expended and the basis of apportioning costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that 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.

Resources expended comprise the following:

- a. Training and education costs comprise expenditure associated with the operation of the training centres and the training of individuals.
- b. Governance costs comprise costs which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Tangible fixed assets

All tangible fixed assets costing more than £1,000 are capitalised and are stated at cost less depreciation.

Tangible fixed assets (continued)

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

♦ Freehold buildings	2% on cost
♦ Leasehold improvements	10% on cost
♦ Fixtures and fittings	20% on cost
♦ Computer equipment	20% on cost

Leased assets

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

Fund accounting

The restricted funds comprise monies given for specific purposes or subject to specific donor-imposed conditions.

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charitable company at the discretion of the trustees.

Agency arrangements

The charitable company acts as an agent in distributing 16-19 bursary funds from the EFA and free school meal funds from the local authorities. Payments received from the EFA or local authorities and subsequent disbursement to students are excluded from the statement of financial activities as the charitable company does not have control over the application of the funds. The charitable company can use up to 5% of the bursary funding towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 11.

Prior year adjustment - Changes in accounting policy

Bursary funding was previously recognised in the statement of financial activities. As the charitable company acts as an agent in distributing these funds on behalf of the EFA, the amounts should have been excluded from the statement of financial activities. As a result, opening designated fund balances at 1 August 2014 were overstated by £47,972 and creditors were understated by the same amount. Balances brought forward have been adjusted by this amount; further details are disclosed in note 15.

1 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 as restated £
Education and training				
. SFA income	1,413,455	—	1,413,455	1,440,310
. SFA subcontractor income	283,563	—	283,563	302,882
. AGE grant funding (SFA)	—	166,500	166,500	175,500
. EFA income	1,160,571	—	1,160,571	1,044,516
. Commercial income	19,850	—	19,850	21,312
. Sales force income	9,000	—	9,000	11,140
. Bursary income	2,528	—	2,528	2,980
. Trainee support programme	—	—	—	67,208
	<u>2,888,966</u>	<u>166,500</u>	<u>3,055,466</u>	<u>3,065,848</u>

2 Costs of charitable activities

	Unrestricted funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 as restated £
Education and training				
. Registration costs	153,936	—	153,936	186,775
. AGE grant expenditure	—	166,500	166,500	177,500
. Staff costs (note 7)	1,651,251	—	1,651,251	1,620,967
. Subcontractor costs	251,603	—	251,603	262,420
. Staff travel costs	12,811	—	12,811	12,599
. Premises expenses	606,632	17,642	624,274	672,422
. Support costs (note 3)	175,746	—	175,746	234,025
	<u>2,851,979</u>	<u>184,142</u>	<u>3,036,121</u>	<u>3,166,708</u>

3 Support costs

	2015 Total £	2014 Total £
Human resources and staff training	63,538	18,754
Office costs	23,159	18,502
Insurance	10,211	9,540
Bad debts	—	41,119
Consultancy fees	46,193	53,894
Legal fees	18,218	74,105
Bank and credit card charges	2,804	2,426
Staff welfare	2,925	2,597
Subscriptions and licences	7,044	11,476
Sundry expenses	1,654	1,612
	<u>175,746</u>	<u>234,025</u>

4 Governance costs

	Unrestricted funds £	Restricted funds £	Total funds 2015 £	Total funds 2014 £
Audit fees	10,160	—	10,160	8,000
Trustees' expenses	3,638	—	3,638	3,185
	13,798	—	13,798	11,185

5 Net incoming (outgoing) resources for the year

This is stated after charging:

	2015 £	2014 £
Staff costs (note 7)	1,651,251	1,620,697
Operating lease rentals	297,158	284,782
Auditor's remuneration	10,160	8,000
Depreciation	67,553	53,889

6 Taxation

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

7 Staff costs and trustees' remuneration

	2015 £	2014 £
Staff costs		
· Wages and salaries	1,495,676	1,475,520
· Social security costs	140,742	129,565
· Pension costs	14,833	15,882
	1,651,251	1,620,967

The number of employees during the year, expressed as full time equivalents, was:

	2015	2014
Education and delivery (including learner recruitment)	45	45
Management and administration	14	15
	59	60

7 Staff costs and trustees' remuneration (continued)

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding pension contributions) during the year was as follows:

	2015 £	2014 £
£80,001 - £90,000	1	1

No trustee received any remuneration in respect of their services as a director during the year ended 31 July 2015 (2014 - none). Travel expenses amounting to £3,638 were reimbursed to 2 trustees during the year (2014 - £3,185 to 2 trustees)

8 Tangible fixed assets

	Freehold land and buildings £	Leasehold improve- ments £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 August 2014 and 31 July 2015	1,341,646	43,252	45,200	235,010	1,665,108
Depreciation					
At 1 August 2014	302,196	37,017	37,568	103,154	480,235
Charge for the year	26,682	4,325	4,236	32,310	67,553
At 31 July 2015	328,878	41,342	41,804	135,464	547,788
Net book value					
At 31 July 2015	1,012,768	1,910	3,396	99,546	1,117,320
At 31 July 2014	1,039,150	6,235	7,632	131,856	1,184,873

9 Debtors

	2015 £	2014 £
Trade debtors	19,028	15,917
Prepayments	177,638	47,295
Other debtors	201,592	207,695
	398,258	270,907

10 Creditors: amounts falling due within one year

	2015 £	2014 as restated £
Trade creditors	183,270	94,797
Social security and other taxes	34,558	37,147
Accruals	81,235	65,282
Other creditors	58,022	48,519
	357,085	245,745

11 Amounts disbursed as agent

	Balance unspent at 1 August 2014 £	Funding received £	Disbursed to students £	Administration costs £	Balance unspent at 31 July 2015 £
Bursary funding	47,972	52,001	(59,319)	(2,528)	38,126
Free school meals funding	—	21,137	(12,847)	—	8,290
	47,972	73,138	(72,166)	(2,528)	46,416

Bursary funding is received from the Education Funding Agency (EFA) to assist students aged 16-19 with education related costs.

Free school meals funding is received from the local borough council for children up to the age of 19 who qualify for the benefit.

Both funding streams are available solely for students, the charitable company only acts as a paying agent. The grants and disbursements are therefore excluded from the statement of financial activities. Any amounts unspent at 31 July are included within creditors.

12 Restricted funds

The income funds of the charitable company include the following restricted funds which comprise unexpended balances of grants and donations to be applied for specific purposes.

	At 1 August 2014 £	Incoming resources £	Resources expended £	At 31 July 2015 £
19 Upland Road	705,770	—	(17,642)	688,128
AGE grant funding	—	166,500	(166,500)	—
	705,770	166,500	(184,142)	688,128

The 19 Upland Road funds were received by way of Government Grant for the purchase of the property at 19 Upland Road.

AGE grant funding is received from the Skills Funding Agency (SFA) to support businesses to employ 16 to 24 year-olds who would not otherwise be in a position to do so.

13 Analysis of net assets between funds

	General fund £	Restricted funds £	Total 2015 £
Fund balances at 31 July 2015 are represented by:			
Tangible fixed assets	429,192	688,128	1,117,320
Current assets	1,372,222	25,500	1,397,722
Creditors: amounts falling due within one year	(331,585)	(25,500)	(357,085)
Total net assets	1,469,829	688,128	2,157,957

14 Leasing commitments

Operating leases

At 31 July 2015 the charitable company had annual commitments under non-cancellable operating leases in respect of land and buildings as follows:

	Land and buildings		Equipment	
	2015 £	2014 £	2015 £	2014 £
Operating leases which expire:				
· Within one year	71,039	38,880	2,047	—
· Within two to five years	—	231,835	5,263	8,319

15 Prior year adjustment

The trustees have decided that 16-19 bursary funds received from the EFA and disbursed to students should be excluded from the statement of financial activities, as the charitable company only acts as a paying agent. This represents a change of accounting policy and therefore the accounting treatment has been applied retrospectively resulting in a restatement of the comparative figures for the prior year.

	General fund £	Designated fund £	Restricted funds £	Total £
Fund balances brought forward at 1 August 2014 as previously stated	1,385,997	47,972	705,770	2,139,739
Prior year adjustment	—	(47,972)	—	(47,972)
Fund balances brought forward at 1 August 2014 as restated	1,385,997	—	705,770	2,091,767

16 Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.