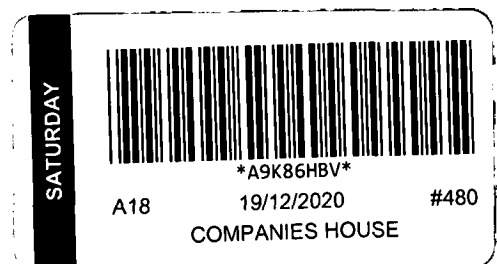




London Skills for Growth Limited
Annual Report and Financial Statements
31 July 2020

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

Charity Registration Number 288465



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Reference and administrative information

Trustees	David Eastgate Allan Carey Dr Sam Parrett OBE Lucy Butler Lucie Allen Sam Parrett John Hunt Mary Herbert (resigned 31/07/2020)
Registered office	Greenwich Park Centre King George Street London SE10 8QB
Principal Officers	
Chief Executive Officer	John Hunt
Operations Director	Angela Beaton
Finance Director	Kofo Ladele
Company registration number	01747251 (England and Wales)
Charity registration number	288465
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank Plc Level 27, Churchill Place London EC2V 6DL
Solicitors	Brachers LLP Somerfield House 59 London Road Maidstone Kent ME16 8JH

Trustees' Report - Year to 31 July 2020

The trustees present their report with the financial statements of London Skills for Growth Limited for the year ended 31 July 2020.

This report, 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 16 to 18 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

London 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 of association dated 4 August 2006 and articles of association dated 20 June 2017 are its primary governing documents.

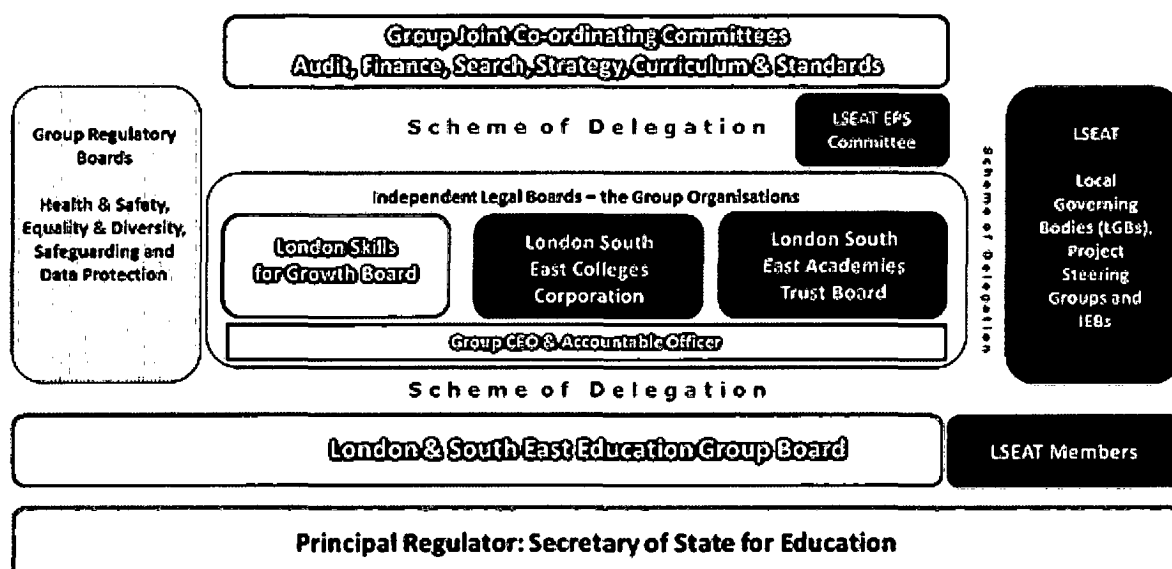
The Charity works closely with its ultimate parent entity, London South East Colleges (LSEC), and in April 2018 following a decision by the independent boards of each entity, the London & South East Education Group (LSEEG) was formed. LSEEG is the umbrella organisation to coordinate the strategy of the organisations and to optimise and strengthen both governance and collaboration between group entities, (subject to their non-delegable primary governance responsibilities and authority; their regulatory obligations; and potential conflict of interest). LSEEG also includes London South East Academies Trust (LSEAT) a Multi Academy Trust. The Group is not a legal entity and organisations as members of the Group are not subsidiary companies which are controlled or owned by LSEEG.

The Group rationale is borne from a shared mission vision and values and seeks to optimise governance alignment through a Group Strategy and provide efficiencies across the organisations for the benefit of the Learners and by extension for the public benefit. The Group ethos is founded upon high quality teaching and learning, the development of curriculum models fitting each entity.

Governors and Trustees have been appointed to the Group Board, Independent Legal Boards and the Joint Group Co-ordinating Committees, ensuring that a balanced combination of Governors and Trustees are represented on the each of these, as defined by the relevant Articles of Association and the Group Organisation Scheme of Delegation. Details of the group governance arrangements are shown below:-

A Social Enterprise Organisation

Governance Structure 2020



Details of the Trustees who served on the Charity's board during the year are included below. Business is conducted through full Board meetings, a Group Finance Committee and a Group Audit and Risk Committee. The membership of these Committees must include representation from LSFG, but may also include Group Governors or those from other legal entities within the group where this will improve governance through the provision of greater expertise and challenge. Minutes of meetings are maintained and a register of interests published on the College's website.

Member's liability

On 1 August 2017, Bromley College Corporation, trading as London South East Colleges became the sole member of the charity. The liability of the member in the event of winding up is limited to £1.

Trustees

The trustees of the charity are also directors for the purposes of company legislation. The trustees in office during the year, and since the year end, were as follows:

Name	Appointed	Tenure	Role	Meetings	Attended	%	Resigned
David Eastgate	01/08/2017	4 years	Chair	5	5	100%	
Allan Carey	01/08/2017	4 years	Vice Chair	5	5	100%	
Lucy Butler	01/08/2017	4 years	Trustee	4	3	75%	
Lucie Allen	01/11/2018	4 years	Trustee	5	4	80%	
Sam Parrett	05/10/2017	4 years	Trustee	5	5	100%	
John Hunt	05/10/2017	4 years	Trustee	5	5	100%	
Mary Herbert	03/05/2018	4 years	Trustee	5	5	100%	31/07/2020
Totals				34	32	94%	

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustee induction and training

The training and induction provided for new trustees will depend upon their existing experience. Where necessary the induction process will provide training on charity, educational, legal and financial matters. All trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. Induction tends to be done informally and is tailored specifically to the individual trustees.

Key management personnel

In addition to the trustees, the key management personnel are considered to be the CEO, the Operations Director and Deputy Operations Director. The pay of the Operations Director is reviewed annually by the CEO and any changes approved by the Chair. The pay of the CEO is reviewed and approved by the trustees. The trustees receive no remuneration other than reasonable expenses for attending meetings.

Key management personnel

Chief Executive Officer	John Hunt
Operations Director	Angela Beaton
Deputy Operations Director	Suzel Braz

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 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ 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.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Trustees' responsibilities statement (continued)

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.

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 the CEO, as has the day-to-day financial management. Income and expenditure are monitored monthly and an annual budget is set and agreed with the Board in advance of each financial year.

Risk management

London Skills for Growth's risk management framework ensures that risk management is embedded throughout the organisation and is performed by the management and staff of the charity as part of their day-to-day activity. The Board of Trustees has overall responsibility for risk management oversight, for setting the direction of the charity and for assessing its risk appetite. The Board ensures that charitable funds are afforded maximum protection, regularly reviews the charity's identified risks and mitigating actions and it ensures that the Board's risk policy is followed.

The Charities system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- ◆ Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- ◆ Regular reviews by the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ Setting targets to measure financial and other performance;
- ◆ Clearly defined purchasing (asset purchase or capital investment) guidelines;

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Risk management (continued)

- ◆ Delegation of authority and segregation of duties;
- ◆ Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and appointed RSM Tenon as internal auditor for the year as part of the group internal audit arrangements. Such internal audit service to be carried out in accordance with internal Auditing Standards and in compliance with the FRC Ethical Standards for Auditors. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the control systems. In particular the checks carried out in the current period covered:

- ◆ Key financial controls; and
- ◆ Learner Number Systems
- ◆ Apprenticeship Levy & Business Development
- ◆ HR & Payroll
- ◆ Follow Up Action Tracking

The auditor reports to the Board of Trustees through the Group Audit Committee on the operation of the systems of control and on how the Board of Trustees' has discharged its financial responsibilities.

The trustees identified a number of principal risks and uncertainties for the year and the two of the key risks are explained below:

Coronavirus

The ongoing impact of the Coronavirus pandemic is expected to continue to have an adverse impact on recruitment of learners onto traineeships and apprenticeship programmes and this will have a direct impact on income. With a new set of operating principles in place, there will also no doubt be additional costs to keep our sites open and safe. In addition, our operating model for staff and learners is expected to continue to be a blend of on-site and home working study, and this presents a further set of risks such as those to learner achievement. Although this risk is mitigated through appropriate and strong health & safety controls and systems, the financial aspect of this is mitigated through careful planning and the decision taken by the board to transfer the ongoing operations to the parent entity and to close the business.

Financial Performance and Viability

Following a number of significant annual operating losses, which have been exacerbated by the Coronavirus pandemic, the future viability for the Charity remains a risk. Although the financial performance of the charity has improved over the last couple of years, solvency remains a key risk for the future and this has been compounded by Covid-19. As a consequence of this, and in order to protect the charitable aims and resources of the company, the board have taken the difficult decision to transfer the operations of the charity to its parent entity during 2020/21.

OBJECTIVES AND ACTIVITIES

Principal aims and objectives

The charity's purpose, largely unchanged since its founding, was stated in its Strategic Plan in October 2015 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."

On 1 August 2017, Bromley College of Further and Higher Education an exempt charity which trades as London South East Colleges (LSEC), became the charity's sole member. The objectives of LSfG have remained unchanged since that time.

PERFORMANCE REVIEW

Strategy

During the year, the Board of Trustees continued its tight focus on its core business of:

- ♦ serving the education and skills needs of young people and employers in South East and East London; and
- ♦ maintaining a leading sector position in terms of quality of service and achieving successful outcomes for our learners.

In addition, the strategy of the charity was to continue to safeguard its future by making additional progress in reducing its annual operating losses, and to implement further business integration strategies within the wider group, and to approve and implement a new Group Apprenticeship Strategy.

Good progress had been made to implement these changes and positive results were starting to come through as the national lockdown was imposed. Unfortunately the impact of the coronavirus pandemic on the business was significant and this has resulted in increased operating losses for 2019/20, and further material reductions to income for 2020/21.

In light of the above, and with the expected ongoing impact of Covid-19 and solvency concerns, at its meeting in July 2020, the board of trustees took the difficult decision to close the charity. This step was taken in order to ensure the business does not trade on an insolvent basis, and in order to protect the charitable aims and assets by transferring them to its parent entity.

This transfer was expected to take place during the early part of 2020/21, and all employees, learners, assets and liabilities were transferred to Bromley College of Further and Higher Education under a legal transfer agreement dated 9 December 2020. The company will continue to operate as a brand within the College and the charitable assets will be applied in furtherance of the LSfG charitable aims.

Financial

The charity's balance sheet remains positive with net assets of £676,877 (2018/19 – £1,015,351). Net current assets increased to £633,040 as a consequence of the sale of Bexleyheath site.

PERFORMANCE REVIEW (continued)

During the year, the impact of Coronavirus pandemic has led to drop in income by £312,103 which were all new learners that were planned to commence last quarter of the year including achievement.

Business:

- ◆ The charity recruited a total of 315 learners (2018/19: 450 learners) during the year– 205 apprentices (2018/19: 273) and 110 (2018/19: 177) onto traineeship programmes.
- ◆ 216 Apprentices successfully completed their apprenticeship programmes in 2019/20, a success rate of 63.7%. This represents an 8.7% decline on 2018/19 (72.4%) as a direct impact of the COVID pandemic on employers and ability for learners to achieve the course.
- ◆ The charity continues its focus on its original objective and 16.5% (2018/19: 15.7%) of learners recruited were disadvantaged young people.

Objectives for 2020/21

In light of the decision of the charity that as a consequence of the Covid-19 pandemic it must close in order to avoid insolvent trading, the objectives for 2020/21 are to ensure that the charity continues to trade solvently in pursuant of its charitable objectives up to the date of the transfer of the business. In addition, the Board of Trustees will seek to protect the charitable aims and assets through a legal transfer agreement with its parent entity, Bromley College of Further and Higher Education.

Public benefit statement

In planning the year's activities and setting objectives, the trustees have considered the Charity Commission's guidance on public benefit. London 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. 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

During the year ended 31 July 2020, the deficit for the year before asset disposals equated to £417,029 (2019 – £158,085), represented by total income prior to asset disposals of £1,578,447 (2019 – £2,009,702) against expenditure of £2,098,586 (2019 – £2,168,507).

The operating loss for the year prior to the surplus on property disposals and accelerated depreciation in respect of property moves was £241,718, this is £82,914 higher than 2018/19. The total net expenditure for the year after property disposals and accelerated depreciation was £338,474, which is an increase from £179,669 from the previous year.

FINANCIAL REVIEW (continued)

Financial report for the year (continued)

The total operating loss for the year was £81,265 higher than had been forecast prior to the Coronavirus pandemic.

The total income for the year of £1,760,112 (2019 – £2,009,702) includes income of £1,432,762 (2019 – £1,786,552) received from the ESFA.

Reserves policy

The charity aims to accumulate reserves in order to provide sufficient cash flows to support the maintenance and improvement of its estate and equipment. The charity aims to accumulate reserves to provide a degree of protection against adverse changes in the number and/or profile of enrolments and/or in-year reductions to funding allocations.

In the context of these principles, Trust policy is to hold sufficient reserves to:

- ◆ Manage cash flow and liquidity so that variable cash demands can be managed in order to smooth out irregular and cyclical spending and allow for unexpected and unpredictable needs;
- ◆ Manage known risks which are not insurable or where insurance does not provide value for money; and
- ◆ Fund annual capital investment in order to ensure the estate is safe and fit for purpose, and IT and other equipment is up to date and suitable for learning. The minimum reserve for this purpose is 6% of total income.

Financial position

The balance sheet shows total reserves of £676,877 (2019 – £1,015,351).

At 31 July 2020 and 31 July 2019, all of the charity's reserves were represented by unrestricted funds. These unrestricted funds are represented by tangible assets with a net book value of £43,836 (2019 – £1,064,363) and 'free reserves' of £633,040 (2019 – £nil).

The charity has net current assets of £676,877 as at 31 July 2020 (at 31 July 2019 net current liabilities of £49,012).

The above report has been prepared in accordance with special provisions within Part 15 of the Companies Act 2006 relating to small companies.

Signed on behalf of the trustees by:



David Eastgate

Trustee

Approved by the Board on: 9 December 2020

Registered Company Number 01747251 (England and Wales)

Independent Auditor's Report - Year to 31 July 2020

Independent auditor's report to the member of London Skills for Growth Limited

Opinion

We have audited the financial statements of London Skills for Growth Limited (the 'charitable company') for the year ended 31 July 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of 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 Auditor's 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 draw attention to the statement regarding going concern in the principal accounting policies, which indicates that the board of trustees has prepared the financial statements on a basis other than a going concern basis. This is due to the trustees intending to dissolve the charity. Our opinion is not modified in respect of this matter.

Other information

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

Independent Auditor's Report - Year to 31 July 2020

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 trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, which is also the directors' report for the purpose of company law including the strategic 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 trustees' 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' exemptions from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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.

Independent Auditor's Report - Year to 31 July 2020

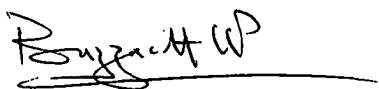
Auditor's responsibilities for the audit of the financial statements

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's member, 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.



Avnish Savjani, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

15 December 2020

Statement of Financial Activities - Year to 31 July 2020

	Notes	Total 2020 £	Total 2019 £
Income from:			
Charitable activities			
· Education and training	1	1,566,381	1,864,245
Other trading activities	2	106,655	93,085
Investments	3	16	339
Other		8,505	52,033
Surplus on disposal of tangible fixed assets		78,555	—
Total income		<u>1,760,112</u>	<u>2,009,702</u>
Expenditure on:			
Charitable activities			
· Education and training	4	<u>2,098,586</u>	<u>2,168,506</u>
Total expenditure		<u>2,098,586</u>	<u>2,168,506</u>
Net expenditure and net movement in funds	6	(338,474)	(158,804)
Reconciliation of funds			
Balances brought forward at 1 August 2019		1,015,351	1,174,154
Balances carried forward at 31 July 2020		<u>676,877</u>	<u>1,015,350</u>

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.

All income and expenditure in both of the above years was unrestricted.

Balance sheet 31 July 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Tangible fixed assets	9		—		1,064,362
Current assets					
Tangible assets	9	43,836			
Debtors	10	121,030		210,472	
Cash at bank and in hand		<u>1,142,176</u>		<u>326,830</u>	
		1,307,042		537,302	
Creditors: amounts falling due within one year	11	<u>(630,166)</u>		<u>(586,840)</u>	
Net current assets			676,876		(49,012)
Total net assets			<u>676,876</u>		<u>1,051,350</u>
Funds					
Unrestricted funds			<u>676,876</u>		<u>1,051,350</u>
			<u>676,876</u>		<u>1,051,350</u>

Signed on behalf of the board of trustees by:



Trustee David Eastgate

Approved by the Board on 9 December 2020

London Skills for Growth Limited

Registered Company Number 01747251 (England and Wales)

Statement of cash flows Year to 31 July 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(102,964)	(113,431)
Cash flows from investing activities:			
Investment income		16	339
Net proceeds from disposal of tangible fixed assets		918,294	-
Purchase of tangible fixed assets		-	(54,892)
Net cash provided by (used in) investing activities		918,310	(54,553)
Change in cash and cash equivalents in the year		815,346	(167,984)
Cash and cash equivalents at 1 August 2019	B	326,829	494,814
Cash and cash equivalents at 31 July 2020	B	1,142,176	326,830

Notes to the statement of cash flows for the year to 31 July 2020.

A Reconciliation of net movement in funds to cash flows from operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	(338,474)	(158,804)
Adjustments for:		
Depreciation charge	180,787	105,033
Investment income	(16)	(339)
Surplus on disposal of tangible fixed assets	(78,555)	-
Decrease (increase) in debtors	89,968	(20,125)
Increase (decrease) in creditors	43,326	(39,722)
Net cash used in operating activities	(102,964)	(113,431)

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	1,142,176	326,830
Total cash and cash equivalents	1,142,176	326,830

Principal accounting policies 31 July 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- estimating the useful economic life of tangible fixed assets; and
- providing for the potential claw back of ESFA funds.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

As described in the trustees' report, the decision has been taken to cease the charity's operations and transfer its assets and activities to the ultimate parent entity in due course. Having reviewed the financial position of the charity at the date of approval of these financial statements, the closure and the impact of the Covid-19 pandemic described above, the trustees are satisfied that the Charity will remain able to pay its debts as they fall due up to the date it is wound up. However, the trustees have prepared the financial statements on a basis other than a going concern basis.

Income

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Bank interest and rental income are included in full in the statement of financial activities when receivable.

Expenditure 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.

Expenditure comprises training and education costs associated with the operation of the training centres and the training of individuals.

Tangible fixed assets

All tangible fixed assets costing more than £5,000 are capitalised and are stated at cost less depreciation. 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 | 6.7% on cost |
| • Fixtures and fittings | 10% 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 unrestricted general fund comprises those monies which may be used towards meeting the charitable objectives of the charitable company at the discretion of the trustees.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Notes to the financial statements 31 July 2020

1 Income from charitable activities – education and training

	Total funds 2020 £	Total funds 2019 £
ESFA income – Adult funding	250,208	320,234
ESFA income – 16-19 funding	1,182,554	1,466,318
Commercial income	66,553	74,496
Coronavirus Job Retention Scheme	64,411	—
Bursary income	2,655	3,197
Total funds	1,566,381	1,864,245

2 Other trading activities

	Total funds 2020 £	Total funds 2019 £
Rental income	106,655	93,085

3 Income from investments

	Total funds 2020 £	Total funds 2019 £
Interest receivable	16	339

4 Expenditure on charitable activities

	Total funds 2020 £	Total funds 2019 £
Education and training		
· Registration costs	2,932	68,497
· Staff costs (note 8)	940,682	1,183,644
· Staff travel costs	9,833	18,225
· Premises expenses	871,681	630,482
· Support costs (note 5)	273,457	267,658
Total funds	2,098,586	2,168,506

5 Support costs

	2020 £	2019 £
Human resources and staff training	20,192	15,141
Office costs	117,667	58,684
Insurance	—	3,375
Consultancy fees	11,476	22,126
Legal fees	12,127	33,932
Bank and credit card charges	329	1,032
Subscriptions and licences	92,583	101,490
Sundry expenses	19,083	31,878
	273,457	267,658

Notes to the financial statements 31 July 2020

6 Net movement in funds

This is stated after charging:

	2020 £	202019 £
Staff costs (note 8)	940,682	1,183,644
Operating lease rentals	267,111	267,111
Auditor's remuneration	12,360	12,014
Depreciation	180,787	105,033

7 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.

8 Staff costs and trustees' remuneration

	2020 £	2019 £
Staff costs		
· Wages and salaries	836,867	1,055,089
· Social security costs	81,105	100,596
· Pension costs	22,710	27,959
	940,682	1,183,644

The number of employees during the year, expressed as average headcount, was:

	2020	2019
Teachers	17	21
Administration	10	15
Management	1	1
	29	37

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:

	2020	2019
£60,001 - £70,000	2	1

No trustee received any remuneration in respect of their services as a trustee during the year ended 31 July 2020 (2019 – none). £nil expenses were reimbursed to trustees during the year (2019 – none).

In addition to the trustees, the key management personnel during the year were considered to be the CEO and the Deputy Operations Director. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel employed by the charity during the year was £154,250 (2019 – £129,090). The total paid to an external company for the services of the Finance Director during the year was £nil (2019 – £nil).

Notes to the financial statements 31 July 2020

9 Tangible assets

	Freehold land and buildings £	Leasehold improve- ments £	Computer equipment £	Total £
Cost				
At 1 August 2019	1,173,197	250,990	290,055	1,714,242
Disposals	(1,173,197)	(111,939)	—	(1,334,505)
	—	139,051	240,687	379,738
Depreciation				
At 1 August 2019	333,149	95,351	221,380	649,880
Charge for the year	18,967	136,876	24,948	180,787
Disposals	(352,116)	(111,939)	(30,710)	(494,765)
At 31 July 2020	—	120,288	215,614	335,902
Net book value				
At 31 July 2020	—	18,763	25,073	43,836
At 31 July 2019	840,048	155,639	68,675	1,064,362

Following the decision to cease the charity's operations in the coming year, the value of tangible assets has been transferred to current assets.

10 Debtors

	2020 £	2019 £
Trade debtors	9,980	30,972
Prepayments and accrued income	111,050	144,043
Other debtors	—	35,983
	121,030	210,998

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	47,225	47,646
Social security and other taxes	14,597	29,827
Accruals	309,194	137,984
Other creditors	259,150	370,383
	630,166	586,840

12 Leasing commitments

Operating leases

At 31 July 2020 the charitable company had total commitments under non-cancellable operating leases in respect of land and buildings as follows:

	Land and buildings		Equipment	
	2020	2019	2020	2019
	£	£	£	£
Amounts due:				
. Within one year	44,519	267,111	800	1,600
. Within one to two years	—	272,453	800	800
. Within two to five years	—	272,453	800	800
	<u>44,519</u>	<u>812,017</u>	<u>2,400</u>	<u>3,200</u>

13 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.

14 Ultimate parent undertaking

The Corporation of Bromley College, trading as London South East Colleges (LSEC), is the ultimate parent undertaking by virtue of being the sole member of the charitable company.

15 Related party transactions

The charity did not undertake any transactions with related parties during the year.

16 Post Balance Sheet Event

This transfer of LSfG to LSEC is expected to take place during the early part of 2020/21, and all employees, learners, assets and liabilities transferred to Bromley College of Further and Higher Education under a legal transfer agreement dated 9 December 2020. The company will continue to operate as a brand within the College and the charitable assets will be applied in furtherance of the LSfG charitable aims.