

Company Registration No. 01946604 (England and Wales)

THE BIRMINGHAM SETTLEMENT
(A Company Limited by Guarantee)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(Registered Charity Number 517303)



THE BIRMINGHAM SETTLEMENT

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TRUSTEES' REPORT

For the year ended 31 March 2019

The trustees present their report and financial statements for the year ended 31 March 2019.

Reference and Administrative Information

Charity registration number: 517303

Company number: 01946604

Trustees

Dr P Brooks	(Chair) (from 28 November 2018)
Councillor J L B Cotton	(Birmingham City Council nomination)
Mr Matthew Gregson	(Elected 28 November 2018)
Mr M Jayakody	
Mr George Sabharwal	(Elected 28 November 2018)
Ms M Sharma	(Re-elected 28 November 2018)
Mrs C C Doolan	(Resigned 28 November 2018 - Chair)
Professor K M Spencer OBE	(Resigned 28 November 2018)
Mr B M Thomson	(Resigned 28 November 2018)

All trustees were elected by members at an Annual General Meeting and served for the full year except where otherwise indicated.

Chief Executive & Company Secretary

Mr M Holcombe

Registered Office

359-361 Witton Road
Aston
Birmingham
B6 6NS

Auditors

Thomas & Young
Carleton House
266-268 Stratford Road
Shirley
Solihull B90 3AD

Bankers

Lloyds Bank plc
114-116 Colmore Row
Birmingham
B3 3BD

Solicitors

Irwin Mitchell
Imperial House
31 Temple Street
Birmingham
B2 5DB

Investment Managers

Index Wealth Management
Index House
35 Little Aston Hall
Sutton Coldfield
B74 3BH

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TRUSTEES' REPORT (CONTINUED)

For the year ended 31 March 2019

Structure Governance and Management

Governing document

The Birmingham Settlement was established in 1899 and registered as a charity under the Charities Act 1960.

Today, Birmingham Settlement is a charitable company limited by guarantee; incorporated on 11 September 1985, having no share capital and granted charitable status on 21 March 1986. It was established under its Memorandum of Association which set out the objectives and powers of the charitable company and is governed under its Memorandum and Articles of Association.

Recruitment and Appointment of Board of Trustees

The trustees of the charity are also directors for the purposes of company law and referred to collectively as the Board of Trustees and individually as trustees through this report.

The Board of Trustees consists of up to twelve elected, three co-opted and two representative trustees. Elected trustees are elected at the Annual General Meeting for a term of three years, one third of elected trustees resigning each year and being eligible for re-election for a maximum of two terms after which a break of at least one year is required before standing again. The Board may co-opt up to three trustees to serve for a period defined by the Board up to a maximum three-year term and for a maximum of two terms. Birmingham City Council has the right to appoint two representative trustees. Co-opted and representative trustees carry the same duties and responsibilities as elected trustees.

Trustees seek to recruit new members to the Board from the communities it serves and from people with skills the Board considers appropriate and in the best interests of the charity. Recruitment is through membership, by word of mouth, partners, via service delivery experience and member nomination/election. Potential trustees are approached with a view to observing Board meetings and learning about the charity before formally joining via co-option or election at the Annual General Meeting.

During the year under review three trustees stood down having served their term, one was re-elected, in addition, one trustee resigned and two new trustees were appointed.

Trustees' Induction and Training

The charity aims for its Board to include representatives of the communities it serves and those with relevant skills and knowledge required to effectively manage the legal duties and obligations required of trustees.

Potential/new trustees are interviewed by existing trustees, normally the chair and one other, who explain the workings of the charity and its management. They are also taken on a conducted tour of the activities of the Settlement by one or more senior staff members. Each new trustee is introduced to members of staff and provided with information including copies of the charity's Memorandum and Articles of Association, its latest annual accounts and other information deemed appropriate.

Governance

During the year under review the Board of Trustees continued to review its policies, processes and working practices.

Risk Management

The charity maintains a risk register identifying risks to which the charity could be exposed. The risk register is reviewed on a regular basis and is a standing agenda item at Board meetings; impact and likelihood is discussed with management with actions planned to minimise identified risks. Actions are recorded in the register for ongoing review and action.

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TRUSTEES' REPORT (CONTINUED)

For the year ended 31 March 2019

Organisational Structure

The charity is governed by its Board of Trustees which is responsible for formulating strategies and policies including the approval of budgets and annual accounts. Some tasks are covered by a committee structure made up of trustees and members of staff. Committees oversee various activities of the charity and exercise other powers delegated to them by the Board. Committees have their own terms of reference and report to the Board. The Board of Trustees will continue to review the suitability of the committee structure to ensure it meets the organisation needs and those of its stakeholders.

Trustees have delegated day to day control of the charity's operations to the Chief Executive, Martin Holcombe, assisted by a team of managers.

Objectives of the charity

In shaping the charity's objectives and in planning any future activities the trustees have referred to guidance contained in the Charity Commission's general guidance on public benefit. In particular, they have considered how planned activities will contribute to the aims and objectives set.

The principal aims of the charity continue to be:

- a) the relief of poverty, distress and hardship;
- b) the furtherance of health;
- c) the advancement of education and vocation training;
- d) the promotion of social rehabilitation and resettlement;
- e) the promotion of the physical, intellectual, social and moral welfare of the community; and
- f) the provision of recreational facilities in the interest of social welfare.

During the year under review the charity continued to combat disadvantage and discrimination and to foster change and innovation by providing independent services to help empower local communities and individuals.

Review of activities

Although cuts and uncertainties surrounding public funding remain at the fore, the year has actually proved to be a successful year for the Settlement. Our income was similar to last year, but expenditure has reduced – mainly because of our withdrawal from two shops. We have been successful with a Reaching Communities National Lottery bid for Aston and secured several smaller grants/contracts meaning our actual service delivery has increased compared to last year. We are continuing to assess our assets with a view to development and generating more earned income and by producing a small surplus have managed to preserve our reserves and in particular our designated 'transition fund' which we expect to draw on as we develop over the next couple of years. Main areas of activity fall into two areas – Advice and Advocacy, and Community Action, details are given below:

Money Advice:

Money advice is as vital now as it has ever been and the increased demand on our service demonstrates this. Our very experienced and skilled Money Advice Team see clients five days a week with delivery of services from our main Aston Centre, our Hub in East Birmingham and newly set up outreaches in locations south and west of the City. Our work has demonstrably contributed to improving the lives and opportunities of individuals and communities we work with.

We have continued to see increasing numbers of people needing our help with debt and welfare benefits advice. In particular, our face-to-face service is able to give real time support to our clients; many of whom are experiencing considerable barriers to accessing the help they really need. Clients who do not have English as their first language which affects their understanding for urgency in dealing with matters that in turn can have dire consequences, from accessing funds to buy food to paying rent which if not managed will result in eviction and homelessness. We have also seen a significant rise in clients presenting with complex mental health issues that requires additional skills and commitment from our team to support clients over a longer period. And of course, we have seen many people hit by

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TRUSTEES' REPORT

For the year ended 31 March 2019

the transition to Universal Credit, with previously received benefits stopping and clients in receipt of no income for weeks at a time as they transition to UC. So in addition to our already heavy caseload we are also required to help with challenging UC decisions, supporting clients with applications for payment advances, making applications to charities and helping clients to access foodbanks.

Our Money Advice team works co-operatively and interactively with other projects in our organisation, so while the need for financial advice and support often brings clients through our doors, this is often just the first step to engaging in other wider activities in our organisation such as Ageing Well, or Stay and Play. So we not only help with resolving debt issues and helping to maximise income, but for many we can help to set them on a path which ultimately improves their mental health, wellbeing and ability to re-engage with their peers and community.

In February this year, Recognising Excellence audited our service and we were pleased that we have again met and exceeded the requirements for this biennial AQS audit – Advice Quality Standard. This audit demonstrates that we are accessible, effectively managed and employ staff with the skills and knowledge to meet the needs of our clients. The auditor found there were:

"A number of Areas of Good Practice across every heading A-G of the AQS Standard (an achievement in itself), where Birmingham Settlement has exceeded the requirements of the AQSv2 to a significant extent. This is a most encouraging sign as the organisation like so many in the third sector continues to navigate its way through funding challenges on the one hand and an increase in demand for its services on the other."

This demonstrates and acknowledges that although we are facing increased numbers of people accessing our service, we are continuing to maintain our usual high standards and the quality of our work is consistent.

In terms of numbers, our Money Advice Team supported more than 5,000 people over the past year. Of the £9.5 million worth of debt presented by clients we have been successful in getting more than £1.75 million either written off or rescheduled, enabling more affordable repayments. Through our support with benefit applications and challenges on negative benefit decisions, we have helped to increase household incomes by over £1.65 million giving clients the ability to manage their finances better. We continued to support clients facing eviction from their homes helping more than 500 people to negotiate repayment of rent arrears, setting up sustainable payment plans acceptable to both tenants and landlords and helped clients to access housing benefits to which they were entitled to prevent arrears, eviction notices and potential homelessness.

Through our work in prisons and the vital role in supporting people to work through financial difficulties (which remains the biggest cause of re-offending), we have recognised the need for greater support pre-sentencing and for those on probation and on licence. We have therefore extended our support to both the National Probation Service (NPS) and Staffs & West Midlands Community Rehabilitation Company (CRC) with a free and impartial telephone debt advice service. We believe earlier and easier access to our services will enable callers to better understand their rights and responsibilities and the consequences of non-payment to creditors.

In summary for money advice, the year under review has been an extremely busy year and produced many great outcomes for our clients. We have had many great success stories, evidencing the importance of our work and the difference we have made in improving the lives of people who have approached us for support, an example of the difference we have made for one client:

A single man, 44, came to our Centre supported by a friend. He was vulnerable with complex mental health issues, not able to communicate easily with anyone and had barely left his studio flat for the past 2 years. We found he was being harassed and intimidated by bailiffs under instruction to recover in excess of £4,600 council tax arrears and court costs. The client had been supported by friends and family for the past 2 years and was not in receipt of any benefit income. An application was made to the Magistrates Court for a means hearing by our caseworker and a submission outlining our client's vulnerability. Our caseworker attended the Magistrates Court on the day with the client and was successful in obtaining a full write off of the debt. Our client broke down in the court such was his relief. We went on to assist with benefit claims and addressed all other debts with consideration to his mental health and associated needs – his health is improved and he is now fully in control of his finances and his life.

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TRUSTEES' REPORT (CONTINUED)

For the year ended 31 March 2019

Children & Young People:

The 'Rise' youth programme remains a key aspect of our work with young people across locations in Aston and Kitts Green. Whilst continuing to offer activities such as workshops, games clubs and one-one mentoring support within schools, the provision was extended to include a weekly youth club for young people aged 11-25 years living in Aston. The area is widely known for high rates of criminal activity, with young people often being drawn into gangs or at risk of exploitation, however from the outset the club proved very popular. Initially sessions were once per week with a mix of boys and girls; however, as the sessions built and following feedback we decided to run a separate girls club resulting in provision being extended to two nights per week. School holiday activity programmes was also introduced providing centre based activities such as issue based workshops, as well as offsite local outings and trips. Across both locations the 'Rise' youth provision has supported 120 young people and is continuing to grow.

Unfortunately, because of the city's restructuring of children's services towards the end of the 2017/18 financial year, Bloomsbury Children's Centre pulled out of delivering stay and play sessions from our Aston Centre. However, based on our previous experience, the popularity and need for these sessions to have greater stability, we took the decision to self-fund and deliver 'Stay, Learn and Play' sessions ourselves for families with children aged 0-5 years. We began in July 2018 and have been delivering three sessions per week since with additional activities in the school holidays for siblings and wider family engagement. The sessions are delivered by qualified stay & play workers and contribute to the early years' development of pre-school children through creative play and fun learning. The sessions have proved to be even more popular than before and 238 children and parents have attended Stay, Learn and Play between July 2018 and March 2019.

Ageing Well:

Our Ageing Well programmes continues to grow from strength to strength. In addition to regular small charitable donations, a 3-year grant from Comic Relief has allowed us to further expand the range of activities that contribute to improved physical, mental and emotional well-being of older adults. During the year, the programme was split into three strands; low-level social activities designed to keep people healthy, active and socialising together; mid-level engagement that allows people to become more active in their communities, share skills and knowledge; high-level engagement to create volunteers and get older people leading activities, and supporting events. This 3-strand approach also helped individuals broaden their cultural understandings by allowing integration with other ethnic and social groups.

The Ageing Well forum has been a key driver for the programme, allowing us to focus our attentions and engage more fully with those who demonstrate a passion to support a particular issue or cause affecting their community. Our work relies on feedback and opinions from those involved, so throughout the year we collated views to allow us to consider reasons why individuals engage in the way they do, and how we can make the engagement process even more accessible to older adults. The appointment of a Health & Wellbeing Adviser through other funding sources enabled us to establish a Health & Wellbeing Forum that also includes older adults. This provided weekly one to one support as part of our wider health & wellbeing programme. It also served to empower local residents to realise their full potential and represent their communities in Aston while being its "voice".

Our work throughout the year also brought us somewhat closer to reaching our goal of high-level engagement through the creation of volunteers that are able to lead activities and support events. We are currently working closely with a few individuals are keen to develop in this area.

From April 2018 to March 2019, 357 older adults accessed our services with 88 receiving more intensive and ongoing support from the programme.

The comment below is from one of our regular Ageing Well members:

"I have been coming to Birmingham Settlement and attending the Tai Chi for years. I come to exercise and meet people. I come to communicate with people, to socialise because I personally think that is very important. Although the

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exercise is important, you are socialising with people, interacting with people, getting ideas from people. You might want to know something and one person says something and you think 'that's a good idea' and you never thought of that before.

I attend two regular sessions, on Monday I do Chair Yoga followed by the Health and Wellbeing Forum; and on Thursday, I do Tai Chi. I used to come to the dancing every Tuesday and will try to come to the new dancing sessions. I try to come to as many things as I can and go on the Birmingham Settlement trips, I always look forward to the trips.

I enjoy meeting new people, doing exercise, having fun. Here you do not just sit there with a poker face; you have a laugh and a joke. To me that is a big part of it. I hope to keep coming in the future. I have learnt a few things coming to Birmingham Settlement, especially though doing the dancing.

I always try to come to the Ageing Well Forum and if possible, I try to come along to everything that Birmingham Settlement offers. I think Birmingham Settlement tries to listen to what we say, I want to give my opinion and that is what we are there to do at the forum."

Community Action:

Aston:

In October 2018 we were delighted to be awarded 4-year funding from the Big Lottery Reaching Communities Fund to complement existing programmes and light support activities e.g. trips, one-off events, fitness, IT and Job clubs, as well as recruit, train, mentor and support individuals to become volunteers leading or supporting activities. Entitled 'Active in Aston' the project has a strong focus on building resilience within families and providing in-depth one-to-one support to those with needs that are more complex. The funding allowed us to recruit two additional Community Action Workers so growing our team to four, including a Health & Well-Being Worker and Senior Employment & Skills Adviser employed for the period of the grant award. New activities that have emerged include a Men's Programme, offering activities such as gardening, walking, boxercise, chess, and dominoes clubs. We also introduced a Health & Well-Being Forum and weekly one-to-one Health & Well-Being Clinics to support service users in managing physical and mental health conditions.

The programme is well received bringing a holistic approach to the way we engage with those living in Aston, but also ensuring we cater for all age groups from birth (with Stay, Learn & Play) to older adults (via our Ageing Well programme).

In terms of numbers, we have mentored 9 volunteers during the year to develop skills to lead or support activities. 64 individuals accessed our IT and job clubs; 26 women regularly accessed our weekly fitness sessions; 70 women attended workshops designed to build skills and confidence on sensitive issues such as domestic violence, FGM, prevent and assertiveness; and 50 women attended our fantastic 'International Women's Day' event on 7th March.

One of our most promising volunteers has been running her own embroidery group since October 2018. Here is her story:

"Mrs B is married with three children and has been a stay at home mum for almost 12 years. Although she was quite content, she was feeling a little isolated, wanting to become more active and socialise. One day Mrs B decided to attend our fitness class with her neighbour who suffers from depression. Once she joined she quickly realised there was much more on offer at Birmingham Settlement than she first thought.

She met many new people and made friends through the fitness classes and the coffee mornings. The female only coffee mornings had become a peer support group where members would share their problems and offer potential solutions and guidance to each other. She says she felt much "lighter" after joining. She also felt very stimulated by the range of activities, which she says made her feel, "happier, more relaxed and connected to the community."

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More significantly, she introduced embroidery as an activity to the coffee group. Since then she and the other women enjoyed it so much she decided to register as a fully-fledged volunteer delivering her own weekly embroidery class from our site in Aston.

She says: "At the beginning of the year I was nervous and unconfident, but since I've become active in Birmingham Settlement I feel I have grown in confidence and self-esteem and feel I am somebody, I have a lot more value for myself." "I am learning a lot and learning how to problem solve. I am sharing problems and receiving advice and guidance on how to find resolutions and vice versa. I have more friends; I am socialising and connected to the community."

Now that she has realised her skills and talents she would like to teach dressmaking and maybe start a small business as she has had a lot of people asking her to show them how to make dresses or make them for them. She comments "At the beginning of the year, I wasn't expecting any of this; I only came for a fitness class! By joining in with all the other activities, I have seen a huge improvement in myself. I have become more confident, I have more self-esteem and self-worth. I have plans for the future. Before I was a bit stuck, not happy, and felt I was missing something. Now, I have the courage to pursue my goals and dreams. Before I only did embroidery and dressmaking for myself, but Birmingham Settlement have helped me to realise my skills, talents and strengths. I never thought I could teach. I feel rewarded because I am helping others and myself. Also if I can create an income in the future it will help my family."

Champion 4 Skills, Kitts Green:

Our Community Action work in East Birmingham is delivered mainly through our Champion 4 Skills (C4S) project, based at our smaller Kitts Green hub, which is now an established community resource for the area. C4S is a four-year Big Lottery funded programme which aims to empower local residents to become more active in their community and to help other residents to access and influence services and to have a say on decisions that affect their lives.

The project is in its fourth and final year and local residents are now actively involved as volunteers, supporting a weekly activity programme, including an Ageing Well group, Stay and Play group, IT sessions, English My Way, Place of Welcome and Community Information sessions, as well as community events and trips. We also provide Money Advice sessions at the hub twice a week in response to local need.

The Team has helped to establish a Residents' Forum, which now holds its own meetings, and engages in local Ward meetings, takes action to tackle local environmental issues through litter picks and community planting. This summer it is organising its first independent event supported by Birmingham Open Spaces.

In the last year, we provided training to 15 residents on a wide range of areas, supported by one to one mentoring to help build skills and confidence. Over the same period, 19 residents became volunteers at the hub or with other local agencies; some have since gone on to work or further training. 35 more residents have become involved in community activity

The last year has seen an increase in our activity with young people at the local secondary school, Tile Cross Academy, led by our Youth Worker and supported by the Community Action team. We have delivered workshops to young people on a range of social issues, including knife crime, gangs and homelessness. We piloted a one to one mentoring programme for young people at risk of exclusion and this has been received well by the school and will continue next year. We have also established an After School Club for young people who lack confidence or at risk of isolation - all places are taken and we have started to engage with this group in school holidays.

We play a strategic role in the East Birmingham area; leading the local Health & Wellbeing Partnership and its Frontline Workers Group, and have established mutual referral pathways with partners to help residents' access services.

In the year ahead we aim to further strengthen and embed the role of local residents in taking the project forward as a community-led resource for people in the Kitts Green area.

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Birmingham Training Unit (BTU):

During the year we began a review of BTU with a view to developing wider and accredited training, this will take some time to achieve as we progress the various stages but in the meantime, BTU delivered 27 courses throughout the year attended by 162 delegates.

In addition, BTU's part in facilitating our financial capability programme remains an important aspect of Birmingham Settlement's work and history of delivering money advice. BTU supported 8 individuals to build and sustain their own community peer networks and develop skills to teach others how to manage simple aspects of their day-to-day finances such as basic budgeting. They themselves also had access to a training and development programme offering courses in such topics as 'introduction to debt advice', 'leadership skills', 'professional boundaries', 'advocacy', and 'fundraising awareness'. This work goes some way to raising awareness around the value of financial literacy in the community but more importantly has resulted in some of those we worked with establishing themselves in the community, whereas others are at the early stages of building their own groups. This is the story of one of those who took part:

"X was recovering from a period of illness and felt isolated, despite having a family base in Birmingham. She contacted Birmingham Settlement to see what support and services she could access to support her own wellbeing.

Even though she was suffering from ill health, she always felt she wanted to set up her own women's group to support others like herself who may need another person around to reduce loneliness. She was passionate about sharing information with others and so became inspired to empower women in her local community. She began to open up her home in Handsworth to a small group of like-minded women she already knew. They would meet monthly, but X soon realised that she would require space and also a particular set of skills to be able to support the group effectively. Although she worked for many years prior to her ill health, and gained her IT skills through self-teaching, some of the women who attended the group were lacking such skills and there was a need to find suitable training to develop not only herself but also the women she was trying to support.

X responded to a Birmingham Settlement advert calling for individuals to sign up to its Financial Capability Peer Development training programme which offered a rolling programme of training and support for individuals who wished to set up their own peer group within their community. X was also encouraged to apply for the role of Volunteer Peer Group Co-ordinator. X was inspired and found that from initially running her own group from her front room, she could motivate others in the group to reach their end goal of establishing their own self-sustaining group.

X took part in the Peer Development programme and with our help has managed to secure a small grant from a charitable trust to support her over 50's group. She will be sharing the financial capability skills she has gained from the programme with the women she supports, as well as offering other activities such as cooking classes and trips.

Birmingham Settlement continues to support X on her journey whilst she explores other funding options to enable her to have an appropriate space to house her group. She has already started talking to other local providers with a view to offering weekly sessions at a variety of locations across her community.

X comments, "I have been taking part in the Settlement's Financial Capability Peer Development programme for nearly a year now. It has really opened my eyes as to what is needed to run your own peer group. Even though I had already started seeing women in my home, it has helped me a lot. Being a volunteer co-ordinator has allowed me to meet many new people and share experiences. It has also helped many of the women I engage with giving them the opportunity to learn new skills too".

Aston Centre:

The Aston Centre is the Settlement's main base and head office. The Centre aims to build social capital by addressing the health, training, economic and social aspirations of people affected by social exclusion. The Settlement manages

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and coordinates activities to ensure the needs of local communities are met, delivering services itself, in partnership with others, and by making space for other groups to deliver complementary services.

Many of the services and activities mentioned above are delivered from the Aston Centre and support individuals from all walks of life. Services include money advice, employment and training advice, children and young people services, family support, older people services, a free cyber-suite providing access to IT and internet along with training, organisation development and capacity building support including the development and support of co-design and co-production to maximize and target resources. The Aston Centre also offers room hire and accommodated office space.

During the year footfall through the Aston Centre was in excess of 18,000 with more than 1,300 activity sessions delivered.

Shops:

Our three charity shops performed much better this year than previous years although their financial contribution remains a concern. However, finance is not the only consideration with the shops; the opportunities and support the shops give to volunteers is another significant factor. The shops do now have a strong staff team who provide an outlet and support for many vulnerable, older and isolated people, plus those looking to improve employment prospects through retail experience as a volunteer. We will continue to monitor performance including how we link core services to the shops.

Financial Review

Income for the year before the revaluation of investments amounted to £1,117,635 (2018: £1,131,423), there were no significant or 'material' changes from the previous year.

Expenditure for the year amounted to £1,086,495 (2018: £1,232,136). The main changes on spend on the previous year related to Charity Shops Costs which reduced by £116,317 mainly due to the closure of two shops at the end of 2017. Advice and Advocacy saw an increase in spend of £85,001 while Community Action saw a reduction in spend of £90,216, this was due to changes in contract and grant income. Other changes were minimal.

The Settlement finished the year with an unrestricted surplus of £69,905, a restricted deficit of £38,765 and an overall surplus before revaluation of investments of £31,140 (2018: deficit £100,713).

The year financially was a successful year for the Settlement. We were able to increase delivery in a number of areas and give our reserves a small boost. We are in a period of significant change as we look to develop our asset base, in particular developing the playing fields at Selwyn Road and the centre at 610 Kingstanding Road – both will need significant investment and we are building our designated funds to help with developments at our owned sites.

The year was a successful year for the Settlement financially. Our performance was well within the parameters set by the Board and the fact that we produced a small surplus is welcome. Maintaining our designated 'transition' fund to help develop new projects and in particular, develop the physical assets owned by the charity (Selwyn Road and 610 Kingstanding Road) is extremely positive. We remain in a period of change and are gearing to invest in our assets. These changes and investments will continue and deficits are expected as we look to re-position and re-focus the Settlement with a view to building more responsive, user-led services through income generating activities or social enterprise. We remain in a time of continued reduction in funding and change for the sector and the Settlement remains in a strong financial position to invest to support the changes our communities need. The trustees recognise the work of staff and volunteers as we continue on our journey.

Principal funding sources:

In addition to investment income, income comes from three principal separate sources:

- Grants and contracts from local, national, quasi government bodies and partner agencies;
- Donations and grants from charitable trusts and foundations; and
- Income generated by the Settlement charity shops

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Trustees recognize the importance of grants and the huge contribution charitable trusts and foundations make to the work of the Settlement. The Settlement is registered with the Fundraising Regulator to ensure that it meets and complies with the standards laid down by the FRSB,

Volunteers

During the year under review the charity continued to benefit from the services provided by approximately 80 regular volunteers and a further 40 occasional volunteers who can be called upon to provide services to support the charity. The main areas of volunteer activity are: shops, office administration, job club, ESOL and IT training. Volunteers join the charity primarily to prepare and train themselves for ultimate paid employment or because of their genuine interest and commitment to the work of the Settlement. The trustees are deeply grateful for the commitment and dedication shown by volunteers.

All trustees provide their contribution to the welfare of the Settlement on a voluntary and unpaid basis.

Reserves Policy

Trustees consider that in the current uncertain economic climate for the sector, and with the need for continued diligence and restructuring that the Settlement should aim to hold as free reserves a level equivalent to six months outgoing resources plus an estimate of the current liability for redundancy pay on existing staff. Budgeted expenditure for 2019/20 is £1,561,944 and therefore the targeted level of free reserves is in the region of £780,000. Given the number of projects and their diverse sources of funding, the trustees consider that in normal circumstances this level of reserves would enable the charity to arrange an orderly reduction in activities in the event of a major loss of funding. However, with significant investment needed to develop the Settlement's asset base as detailed below, the trustees have decided to classify £725,000 of the unrestricted funds carried forward as a 'contingency' reserve.

Following on from the above, the Settlement has a developing asset base which will require investment to build enterprise and generate sustainable income for the charity long term. The Settlement also has a number of pilot projects which are funded or part funded by contracts, grants and/or charitable foundations and trusts; in particular work around developing people, financial capability and literacy, and work with children and young people which requires further investment. Trustees acknowledge this will take time and require significant investment and have therefore decided to designate an amount of £365,000 as 'transition funds' to support the Settlement's long term development in these areas.

Investments

During the year under review, the endowed capital of the charitable company, held by Birmingham Settlement Properties continued to be invested in funds which hold a wide range of equities and bonds. These funds adopt a passive approach to investment, holding equities for the long term and not buying or selling for short-term gains. Funds are held in a fund of short term bonds and in four funds which invest in established blue chip and developing companies both in the major markets worldwide and those of developing countries respectively. The investments will be rebalanced periodically to maintain the agreed ratios. In the year under review the value of these investments increased by 0.98% with an increase of 75% on the initial investment in July 2010.

Part of the surplus cash which forms the day-to-day working capital of the charitable company is held in a fund which invests in the same way as the endowed capital. This has been classified as a fixed asset investment, but is readily realisable if required. In the year under review the value of this investment as a whole increased by 1.45% and this represents an increase of 35% on the total investment. Any additional or surplus cash is held on deposit in interest bearing current accounts and on current account, the yield on the latter surplus is minimal.

Endowed capital of the Graham Street Charity Fund other than the land adjoining Selwyn Road will continue to be held in unit trusts suitable for charities.

The Birmingham Settlement

TRUSTEES' REPORT (CONTINUED)

For the year ended 31 March 2019

Plans for Future Periods

The Settlement plans to continue its principal activities as set out above but is aware of pressures arising from continued cuts in public spending, the leaning to larger "industrial" contracts geared towards bigger, private, and national providers as opposed to locally based and locally focused delivery agencies, acknowledged difficulties within public sector commissioning bodies and increased competition for income including income from trusts and foundations; the Settlement will continue to balance resources to meet the immediate needs of service users whilst planning and developing for the medium and longer term. To this end the Settlement will:

- Review its property portfolio and commitments to ensure value for money and long term sustainability, in particular the position of 610 Kingstanding Road, currently leased to Birmingham City Council, and the development of Selwyn Road Playing Fields as a service delivery site and potential income generator.
- Assess and learn from a range of pilot programmes and existing work with a view to greater social enterprise to generate income to support grassroots local delivery that is community driven.
- Continue to build and shape responsive services based on the needs and voice of the community.
- Continue to revise our structure with an emphasis on flexibility and service integration.
- Review the composition of the Board of Trustees to ensure it has the skills and representation it needs.
- Utilise IT services to improve the monitoring and evidencing of impact of our work and journey tracking.
- Widen and more clearly define services to ensure projects support all aspects of our communities including specific projects to support children and young people and delivery in areas where we see gaps in service and are approached by the community and/or partners.

Statement of Trustees' responsibilities

The trustees (who are also directors of Birmingham Settlement for the purposes of company law) are responsible for preparing the Trustees' Report 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 the group and of the incoming resources and application of resources, including the income and expenditure of the charitable group for that year. In preparing these financial statements, the trustees are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) observe the methods and principles in the Charities SORP 2015 (FRS 102);
- c) make judgments and estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Birmingham Settlement

TRUSTEES' REPORT (CONTINUED)

For the year ended 31 March 2019

Information to the Auditors

In so far as the trustees are aware:

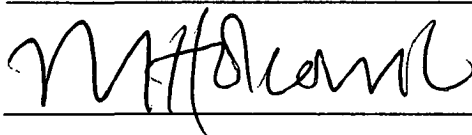
- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by the Board of Trustees on 16 October 2019 and signed on its behalf by:

Peter Brooks – Chair



Martin Holcombe – Company Secretary



The Birmingham Settlement

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BIRMINGHAM SETTLEMENT

For the year ended 31 March 2019

Opinion

We have audited the financial statements of The Birmingham Settlement (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and related notes, 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland").

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and the parent charitable company's affairs as at 31 March 2019 and of the charitable group's incoming resources and application of resources, including its income and expenditure in the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011.

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 accounts section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the accounts 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 group's or parent 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 trustees' 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.

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.

The Birmingham Settlement

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE BIRMINGHAM SETTLEMENT (CONTINUED)

For the year ended 31 March 2019

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 Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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 Trustees' Responsibility Statement set out on pages 13 and 14, 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 group's and parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 ISA's (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Thomas & Young Limited (Statutory Auditor)

Chartered Accountants
Statutory Auditor

2 / 12 / 2019

Carleton House
266-268 Stratford Road
Shirley
Solihull
West Midlands
B90 3AD

Thomas & Young Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Birmingham Settlement
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2019

	Note	Unrestricted funds £	Restricted funds £	Permanent Endowment funds £	Total funds 2019 £	Total funds 2018 £
Incoming resources						
Voluntary income						
Donations, legacies and gifts	2	91,478	275,753	-	367,231	389,506
Income from other trading activities						
Charity shops income	3	208,309	-	-	208,309	216,560
Investment income	4	49,276	21,688	-	70,964	53,371
Incoming resources from charitable activities						
Grants and contract income	5	349,887	121,244	-	471,131	471,986
Total incoming resources		698,950	418,685	-	1,117,635	1,131,423
Resources expended						
Cost of generating funds						
Costs of generating voluntary income						
Fundraising and publicity costs	6	(27,508)	-	-	(27,508)	(47,400)
Charity shop costs	6	(216,622)	(15,159)	-	(231,781)	(348,098)
Charitable activities						
Advice and advocacy	6	(322,913)	(101,442)	-	(424,355)	(339,354)
Community Action	6	(2,376)	(378,430)	-	(380,806)	(471,022)
Governance costs	6	(22,045)	-	-	(22,045)	(26,262)
Total charitable expenditure		(591,464)	(495,031)	-	(1,086,495)	(1,232,136)
Net gains on revaluation of investments	10	9,684	-	7,976	17,660	7,044
Gross transfer between funds		(37,581)	37,581	-	-	-
Net movement in funds		79,589	(38,765)	7,976	48,800	(93,669)
Fund balances brought forward at 1 April 2018		1,027,084	42,969	1,279,124	2,349,177	2,442,846
Fund balances carried forward at 31 March 2019		1,106,673	4,204	1,287,100	2,397,977	2,349,177

More details on the Permanent Endowment funds are given in note 15. There are no recognised gains or losses for 2019 or 2018 other than those included in the Consolidated Statement of Financial Activities.

These notes on pages 22 to 36 form part of these financial statements.

The Birmingham Settlement
CONSOLIDATED SUMMARY INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2019

	2019 £	2018 £
Turnover	1,067,096	1,080,810
Operating costs	(1,086,495)	(1,232,136)
Operating deficit	(19,399)	(151,326)
Interest receivable and similar income	50,539	50,613
Net income/(expenditure) for the year	31,140	(100,713)

All amounts relate to continuing operations.

The Consolidated Summary Income and Expenditure Account is derived from the consolidated Statement of Financial Activities on page 17, which together with the notes to the financial statements on pages 22 to 36, provides full information on the movements during the year on all funds of the group.

The notes on pages 22 to 36 form part of these financial statements.

The Birmingham Settlement**BALANCE SHEET**

For the year ended 31 March 2019

		2019	2018
		£	£
	Note		
Fixed assets			
Tangible assets	9(b)	3,864	22,334
Investments	10	676,430	666,746
		<u>680,294</u>	<u>689,080</u>
Current assets			
Stocks and work in progress	11	4,718	4,718
Debtors	12	138,434	105,975
Cash at bank and in hand			
Restricted funds		-	10,438
Unrestricted funds		401,222	343,270
		<u>544,374</u>	<u>464,401</u>
Creditors: amount falling due within one year	13	<u>(117,995)</u>	<u>(100,800)</u>
Net current assets		<u>426,379</u>	<u>363,601</u>
Total assets less current liabilities		<u>1,106,673</u>	<u>1,052,681</u>
Reserves			
Restricted funds	16	-	25,597
Revenue reserve		16,673	2,084
Contingency reserve	18	725,000	660,000
Other designated reserves	18	365,000	365,000
		<u>1,106,673</u>	<u>1,052,681</u>

The notes on pages 22 to 36 form part of these financial statements.

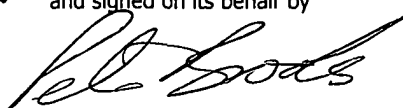
For the year ended 31 March 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The trustees have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies' regime.

Approved by the Board on 16 October 2019 and signed on its behalf by

MR P BROOKS
Director



The Birmingham Settlement

CONSOLIDATED BALANCE SHEET

For the year ended 31 March 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	9(a)		57,864		76,334
Investments	10		1,909,530		1,891,870
			<u>1,967,394</u>		<u>1,968,204</u>
Current assets					
Stocks and work in progress	11	4,718		4,718	
Debtors	12	122,434		105,975	
Cash at bank and in hand					
Restricted funds		4,204		27,810	
Unrestricted funds		417,222		343,270	
			<u>548,578</u>	<u>481,773</u>	
Creditors: amounts falling due within one year	13	(117,995)		(100,800)	
Net current assets			<u>430,583</u>		<u>380,973</u>
Total assets less current liabilities			<u>2,397,977</u>		<u>2,349,177</u>
Reserves					
Permanent Endowment Funds	15		1,287,100		1,279,124
Restricted funds	16		4,204		42,969
Revenue reserve	18		16,673		2,084
Contingency reserve	18		725,000		660,000
Other designated reserves	18		365,000		365,000
			<u>2,397,977</u>		<u>2,349,177</u>

The notes on pages 22 to 36 form part of these financial statements.

For the year ended 31 March 2019, the group was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this group is a charity, it is subject to audit under the Charities Act 2011.

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- These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies' regime.

Approved by the Board on 16 October 2019 and signed on its behalf by

MR P BROOKS
Director



The Birmingham Settlement

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash outflow from operating activities	24	50,071	(96,476)
Returns on investments and servicing of finance			
Interest received		275	74
Dividends received		-	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		-	-
Purchase of shares		-	-
Acquisitions			
Net cash acquired with subsidiary undertaking		-	-
Decrease in cash		<u>50,346</u>	<u>(96,402)</u>
Reconciliation of net cashflow to movement in net funds			
Increase/(Decrease) in cash in the period	25	50,346	(96,402)
Net funds at 1 April 2018	25	371,080	467,482
Net funds at 31 March 2019	25	<u>421,426</u>	<u>371,080</u>

The notes on pages 22 to 36 form part of these financial statements

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Accounting policies

1.1 Charity information

The Birmingham Settlement is a private company limited by guarantee incorporated in England and Wales, and is also registered as a charity in England and Wales. The registered office is 359-361 Witton Road, Aston, Birmingham, West Midlands, B6 6NS.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatements were required.

1.3 Accounting convention

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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Birmingham Settlement meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements are prepared under the historical cost convention as modified for the revaluation of freehold land and buildings and investments.

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

1.4 Basis of consolidation

The group accounts include the accounts of the charitable company, Birmingham Settlement Properties, Graham Street, and Birmingham Settlement Sales Limited, each made up to 31 March 2019. A separate Statement of Financial Activities, or income and expenditure account, for the charitable company itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

1.5 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.6 Restricted funds and charitable expenditure

The Settlement has a number of projects which are grouped for management purposes into advice, care and community action. Many of these projects are financed in part or in whole by grants and donations specifically for that project. Such income is regarded by the directors as restricted funds in the Statement of Financial Activities. Direct costs for each project which is funded in part by restricted income are analysed between restricted and unrestricted funds. Restricted funds also bear an appropriate proportion of support costs.

The charitable company has received certain grants and donations for capital purposes and towards the cost of specified capital expenditure. Such grants and donations are included as restricted income in the Statement of Financial Activities. The related capital expenditure is included in the balance sheet as fixed assets and depreciation on those assets is charged against the restricted funds.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 Accounting policies (continued)

1.7 Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designed for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the funds are charged against the fund.

1.8 Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustee's Annual Report.

Gifts in kind donated for resale cannot be practicably valued at fair value due to the volume of low value items. They are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

Fixed asset gifts in kind are recognised when receivable and are included at fair value. They are not deferred over the life of the asset.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity, however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy, the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Accounting policies (continued)

1.9 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred.

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable group and include audit fees and costs linked to the strategic management of the group.

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Premises overheads and other overheads have been allocated proportionately to the direct staff costs.

1.10 VAT

Irrecoverable input VAT is included in charitable and other expenditure and capital expenditure on the basis of the costs to which it relates.

1.11 Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost or valuation. Depreciation is calculated to write down the cost of assets less their estimated residual values over their expected useful lives by equal annual instalments at the following rates:

Freehold land	Nil
Investment freehold land and buildings	Nil
Other freehold buildings	2%
Short life leasehold property	Over period of the lease or 20%
Vehicles	20%
Fixtures, fittings and equipment	20%
Computers	25%

Any impairment in the value of fixed assets is charged to the Consolidated Statement of Financial Activities.

1.12 Heritage assets

Information on the cost or valuation of heritage assets is not available and the cost of providing such information significantly outweighs any benefit to the users of the accounts. The heritage assets are not recognised on the balance sheet as disclosed at note 9(b).

Acquisitions only arise when donated to the charity or if it is believed that they will further the charity's objectives. Once acquired they will be preserved by the charity in order to keep their historical, artistic, scientific, technological, geophysical or environmental qualities to such a high level as to contribute to knowledge and culture. A register of all assets held by the charity if available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1 Accounting policies (continued)

1.13 Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

1.14 Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the SoFA.

1.15 Stocks

Stocks are valued at the lower of cost and net realisable value. Items donated for resale are not included in the financial statements until they are sold.

1.16 Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

1.17 Leases

Assets acquired under finance leases are capitalised and depreciated over the shorter of the lease term and the expected useful life of the asset. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability using the effective interest method. The related obligations, net of future charges, are included in creditors.

Rentals payable and receivable under operating leases are charged to the SOFA on a straight line basis over the period of the lease.

1.18 Pension costs

The Settlement contributes to a Group Money Purchase Personal Pension Scheme, to which employees also contribute.

Contributions are charged to the Consolidated Statement of financial Activities in the year in which they are incurred.

1.19 Employment benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Birmingham Settlement
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

2 Donations, legacies and gifts

	Unrestricted £	Restricted £	2019 £	2018 £
Barrow Cadbury Trust	-	9,900	9,900	19,800
Barrow Cadbury Trust: Migration – Policy & Practice Initiative hosting grant	-	35,000	35,000	-
Migration grant income carried forward	-	(14,333)	(14,333)	-
Other donations (under £50K)	91,478	245,186	336,664	369,706
	<u>91,478</u>	<u>275,753</u>	<u>367,231</u>	<u>389,506</u>

3 Income from shops

The trading activities of the shops are undertaken for fundraising purposes and comprise principally the sale of donated goods.

4 Investment income

	Unrestricted £	Restricted £	2019 £	2018 £
Bank interest	275	-	275	74
Income from lettings	46,432	-	46,432	48,401
Investment and other income	2,568	21,688	24,257	4,896
	<u>49,276</u>	<u>21,688</u>	<u>70,964</u>	<u>53,371</u>

5 Grants and contract income

	Unrestricted £	Restricted £	2019 £	2018 £
Money Advice Service	208,040	-	208,040	190,954
Money Advice Service (What Works)	-	-	-	-
Citizens Advice Birmingham	49,000	-	49,000	49,001
UK Online	-	-	-	-
Staffs and West Midlands CRC	37,199	-	37,199	37,458
Big Lottery Reaching Communities	-	121,244	121,244	96,190
Youth Promise Plus	-	-	-	60,942
Anawim	44,850	-	44,850	11,213
BTU	10,798	-	10,798	26,230
	<u>349,887</u>	<u>121,244</u>	<u>471,131</u>	<u>471,986</u>

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

6 Total resources expended

	Voluntary Income £	Charity Shops £	Advice & Advocacy £	Community Action £	Governance £	Total 2019 £	Total 2018 £
Costs directly allocated to activities							
Staff costs	7,572	83,170	246,953	196,779	-	534,475	700,345
Direct project costs	15,912	37,092	46,170	59,144	-	158,318	110,882
Site costs	-	67,321	-	20,313	-	87,634	127,509
Support costs allocated to activities							
Staff costs	2,002	21,985	65,277	52,016	14,045	155,324	130,386
Site costs	999	10,970	32,574	25,956	-	70,499	71,680
Information Technology	416	4,569	13,567	10,810	-	29,362	28,213
Other Costs	608	6,673	19,813	15,788	8,000	50,882	63,119
	<u>27,508</u>	<u>231,781</u>	<u>424,355</u>	<u>380,806</u>	<u>22,045</u>	<u>1,086,494</u>	<u>1,232,134</u>

7 Staff costs including shop staff

	2019 £	2018 £
Wages and salaries	622,480	761,336
Social security costs	47,287	51,955
Pension costs	17,340	14,241
Life insurance	2,693	3,200
	<u>689,800</u>	<u>830,732</u>

No employee received remuneration in excess of £60,000.

No trustee received any remuneration. No trustees (2018: Nil) were reimbursed for travelling expenses to attend meetings at the offices of the charitable company.

The average number of employees during the year by function was

	2019 No	2018 No
Advice and Advocacy	9	9
Community Action	10	13
Fundraising and shops	7	10
Management, administration and support	5	4
	<u>31</u>	<u>36</u>

There were on average 55 (2018: 80) volunteers working part time each week.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

8 Net outgoing resources

The following items are included in arriving at net outgoing resources

	2019 £	2018 £
Expenditure		
Depreciation and amounts written off on disposal	18,470	13,891
Auditors – for group audit services in the current year	8,000	8,000
Operating leases		
Land and buildings	91,466	106,325
Other	-	-
	<u>91,466</u>	<u>106,325</u>

9 Tangible Fixed Assets

(a) Group	Freehold Land £	Short life Leasehold property £	Fixtures, fittings motor vehicles and computers £	Total £
Cost				
1 April 2018	54,000	49,803	308,070	411,873
Additions	-	-	-	-
	<u>54,000</u>	<u>49,803</u>	<u>308,070</u>	<u>411,873</u>
31 March 2019	54,000	49,803	308,070	411,873
	<u>54,000</u>	<u>49,803</u>	<u>308,070</u>	<u>411,873</u>
Depreciation				
1 April 2018	-	48,910	286,629	335,539
Charge for the year	-	-	18,470	18,470
	<u>-</u>	<u>48,910</u>	<u>305,099</u>	<u>354,009</u>
31 March 2019	-	48,910	305,099	354,009
	<u>-</u>	<u>48,910</u>	<u>305,099</u>	<u>354,009</u>
Net book value				
31 March 2019	54,000	893	2,971	57,864
	<u>54,000</u>	<u>893</u>	<u>2,971</u>	<u>57,864</u>
31 March 2018	54,000	893	21,441	76,334
	<u>54,000</u>	<u>893</u>	<u>21,441</u>	<u>76,334</u>

The short life leasehold property is occupied by the charitable company for charitable purposes.

Freehold land was valued as at 31 March 2014 by Steve Smith BSC Hons MRICS MNAUA of Cottons Chartered Surveyors on an open market basis for existing use at £54,000

The trustees have considered the valuation of freehold as at 31 March 2019 and are satisfied there is no material movement in value between March 2014 when the professional valuation was carried out and the date of approvals of these financial statements.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

9 Tangible fixed assets (continued)

If freehold land had not been revalued it would have been included at the following amount

	2019 £	2018 £
Group	20,000	20,000

The charitable group has heritage assets as disclosed at note 9(b)

(b) Company	Leasehold property £	Fixtures, fittings motor vehicles and computers £	Total £
Cost			
1 April 2018	49,803	308,070	357,873
Additions	-	-	-
31 March 2019	49,803	308,070	357,873
Depreciation			
1 April 2018	48,910	286,629	335,539
Charge for the year	-	18,470	18,470
31 March 2019	48,910	305,099	354,009
Net book value			
31 March 2019	893	2,971	3,864
31 March 2018	893	21,442	22,335

Heritage assets

In addition to the capitalised fixed assets held for the charitable company's own use, it has title to a collection of archive documents relating to the history of The Birmingham Settlement. These comprise 353 items in total, mainly minute books and correspondence with some accounting records and photographs relating to the period from the foundation of The Birmingham Settlement in 1899 to 1970.

The archives are held at Birmingham Central Library. Access to the records is at the discretion of management and is granted to those requiring access for research purposes. There is no policy to acquire further documents, other than those documents similar to the existing items which are no longer required in the general management of the charitable company. There is no intention to dispose of these items.

The intrinsic value of the items is bound up with the history of the charitable company and they are irreplaceable originals to which no reliable cost or value can be attributed. Accordingly, these assets have not been capitalised in the financial statements.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

10 Fixed asset investments

	Listed £	Unlisted £	Freehold Investment property £	Subsidiary undertaking £	Total £
Group					
Cost or valuation					
1 April 2018	1,500,870	-	391,000	-	1,891,870
Additions	-	-	-	-	-
Revaluation	17,660	-	-	-	17,660
31 March 2019	1,518,530	-	391,000	-	1,909,530
Company					
Cost or valuation					
1 April 2018	666,746	-	-	-	666,746
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluation	9,684	-	-	-	9,684
31 March 2019	676,430	-	-	-	676,430

The freehold investment property was valued as at 31 March 2014 by Steve Smith BSC Hons MRICS MNAVA of Cottons Chartered Surveyors on an open market basis subject to the existing lease at £391,000.

The trustees have considered the valuation of investment properties as at 31 March 2019 and are satisfied there is no material movement in value between March 2014 when the processional valuation was carried out and the date of approval of these financial statements.

Material listed investments, being those with a value of 5% or more, are detailed below:

	£
Dimensional Global Targeted Value	313,750
Dimensional Global Core Equity	299,855
Dimensional Emg. Mkts Core Equity Fund	76,385
Dimensional Emg. Mkts Targeted Home Fund GBP Acc	76,780

11 Stocks and work in progress

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Stocks	4,718	4,718	4,718	4,718

The Birmingham Settlement
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

12 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amount due from subsidiary undertaking	-	-	16,000	-
Trade debtors	21,567	40,312	21,567	40,312
Prepayments	50,315	59,830	50,315	59,830
Other debtors	35,385	-	35,385	-
Accrued income	15,167	5,833	15,167	5,833
	<u>122,434</u>	<u>105,975</u>	<u>138,434</u>	<u>105,975</u>

13 Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Amount due to subsidiary undertaking	-	-	-	-
Other creditors	103,534	78,551	103,534	78,551
Accruals	14,461	22,249	14,461	22,249
Deferred income (note 14)	-	-	-	-
	<u>117,995</u>	<u>100,800</u>	<u>117,995</u>	<u>100,800</u>

14 Deferred income

Deferred incoming resources are made up as follows:

	2019
	£
As at 1 April 2018	-
Incoming resources deferred in the current year	-
Less: amounts released	-
	<u>-</u>
As at 31 March 2019	-

Deferred income relates to unrestricted amounts received in the year ended 31 March 2019 that relate to future deliverables and have been received specifically to fund expenditure after that date.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

15 Permanent endowment funds

Group	2019 £	2018 £
Endowed assets	1,287,100	1,279,124
Reserves brought forward	1,279,124	1,277,885
Gains/(Losses) on revaluation	7,976	1,239
Reserves carried forward	1,287,100	1,279,124

The Permanent endowment funds as at 31 March 2019 are the capital assets of two charities – Birmingham Settlement Properties and the Graham Street Charity.

16 Restricted funds

Company and group

The funds of the company and the group include restricted funds comprising the following unexpended balances of donations and the unamortised balance of grants and donations to fund the purchases of tangible fixed assets and future expenditure.

	Balance at 31 March 2018 £	Incoming resources £	Expenditure £	Transfers £	Balance at 31 March 2019 £
Revenue					
Advice and Advocacy	-	54,816	(85,441)	30,625	-
Community Action	10,438	361,037	(378,430)	6,955	-
Capital					
Computers	-	-	-	-	-
Shop improvements	15,160	-	(15,160)	-	-
Total for company	25,597	415,853	(479,031)	37,581	-
Subsidiary charities					
Graham Street Charity	17,372	2,832	(16,000)	-	4,204
Birmingham Tribunal Unit (note 20)	-	-	-	-	-
Total for group	42,969	418,685	(495,031)	37,581	4,204

Restricted revenue funds for advice, care and regeneration are credited with incoming resources for particular projects and charged with the related expenditure. Restricted capital funds represent donations and grants received by the charity to fund specific capital projects. Depreciation on these assets is charged against the restricted funds.

The Birmingham Settlement
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

17 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Tangible fixed assets	3,864	-	54,000	57,864
Investments	676,430	-	1,233,100	1,909,530
Current assets	544,374	4,204	-	548,578
Current liabilities	(117,995)	-	-	(117,995)
	<u>1,106,673</u>	<u>4,204</u>	<u>1,287,100</u>	<u>2,397,977</u>

18 Unrestricted funds

	Contingency Reserve £	Designated reserves £	Revenue reserve £	Total £
Group				
At 1 April 2018	660,000	365,000	2,084	1,027,084
Transfer between funds	65,000	-	(102,581)	(37,581)
Surplus/(Deficit) in year	-	-	101,170	101,170
	<u>725,000</u>	<u>365,000</u>	<u>16,673</u>	<u>1,106,673</u>
At 31 March 2019	725,000	365,000	16,673	1,106,673

The contingency reserve is an amount set aside to provide funds for six months of operations, together with an estimate of redundancy costs which would be incurred should operations have to cease.

Designated reserves comprise:

	Balance at 31 March 2018 £	Incoming resources £	Expenditure £	Transfers £	Balance at 31 March 2019 £
Group					
Transition funding to generate sustainable income	365,000	-	-	-	365,000
	<u>365,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,000</u>

For details of the above designations see the reserves policy, page 12 of the Directors' and Trustees' Report.

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

19 Charities of which The Birmingham Settlement is sole trustee

The company is sole trustee of Birmingham Settlement Properties, which owns certain properties and investments, comprising the endowed capital of the charity, held for the benefit of the charitable company. In addition, The Birmingham Settlement is the sole trustee of another charity, Graham Street Charity Fund.

The capital assets and income and expenditures of Birmingham Settlement Properties and The Graham Street Charity Fund are incorporated in the consolidated accounts of The Birmingham Settlement.

	Birmingham Settlement Properties		The Graham Street Charity Fund		
	Endowed	Unrestricted	Endowed	Restricted	Unrestricted
	£	£	£	£	£
Incoming Resources	-	-	-	2,832	-
Charitable Expenditure	-	-	-	(16,000)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Incoming Resources	-	-	-	(13,168)	-
Net gains/(loss) on revaluation of investment assets	7,580	-	396	-	-
Funds brought forward	1,167,726	-	111,398	17,372	-
	<u>1,167,726</u>	<u>-</u>	<u>111,398</u>	<u>17,372</u>	<u>-</u>
Funds carried forward	<u>1,175,306</u>	<u>-</u>	<u>111,794</u>	<u>4,204</u>	<u>-</u>

20 Indemnity insurance

The charitable company has indemnity insurance which protects the charity, its directors, trustees, officers and employees from any loss or consequences of neglect or default on their part. The cost of the premium in the current year amounted to £4,736 (2018: £3,580).

21 Capital and financial commitments

Capital expenditure contracted for but not provided in the accounts is £nil (2018: £nil).

The Birmingham Settlement

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

25 Analysis of net funds

	1 April 2018 £	Cashflows £	31 March 2019 £
Cash at bank and in hand	371,080	50,346	421,426

26 Members

The charitable company is incorporated as a company limited by guarantee having no share capital in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 March 2019 there were 17 members (2018: 17).

27 Related party transactions

Advantage has been taken of the exemption in FRS8 paragraph 3(c) not to disclose transactions with group companies, as consolidated financial statements are prepared.

Councillor Cotton, who is a trustee of the Settlement, is a Councillor of Birmingham City Council. The Settlement has also entered into a tenancy agreement for which it receives rent on a commercial basis from Birmingham City Council as tenant (2018/19 - £38,688). It is also itself a tenant of one property of which Birmingham City Council is landlord and on which it pays a rent (2018/19 - £24,000).

Martin Holcombe, the Chief Executive, is also a trustee of the George Fentham Birmingham Charity. During the year the George Fentham Birmingham Charity made a donation of £nil (2018: £10,000) for distribution as grants to individuals in need. During the year the Settlement made grants of £nil (2018: £10,477) from the donation with any unspent balance brought forward. In addition, the George Fentham Birmingham Charity made a donation of £5,800 (2018: £5,000) towards the Settlement's Ageing Well project.

The Birmingham Settlement
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

22 Capital and financial commitments

Capital expenditure contracted for but not provided in the accounts is £nil (2018: £nil).

23 Operating leases

Annual commitments of the group and charitable company in respect of operating leases are as follows:

	Land and buildings		Office equipment	
	2019	2018	2019	2018
	£	£	£	£
Leases expiring:				
within one year	24,000	24,000	-	-
in two to five years	231,733	124,333	-	-
in more than five years	-	77,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	255,733	225,333	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Included within leases expiring within one year are certain leases which are currently being renegotiated.

24 Reconciliation of changes in resources to net cash inflow from operating activities

	2019	2018
	£	£
Net (outgoing)/incoming resources before revaluation	31,140	(100,713)
Depreciation	18,470	13,891
Interest receivable and similar income	(275)	(74)
Dividends received	-	-
Decrease/(Increase) in stock	-	(316)
Decrease/(Increase) in debtors	(16,458)	(28,398)
(Decrease)/Increase in creditors	17,194	19,134
	<hr/>	<hr/>
Net cash inflow from operating activities	50,071	(96,476)
	<hr/>	<hr/>