

VICTORIA COLLEGE LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD

5 FEBRUARY 2018 TO 31 JULY 2019

Company Limited by Guarantee
Registration Number: 11188465
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COLLEGE, TRUSTEES AND ADVISORS

Members	J Fardell (appointed 5 February 2018) C Lane (appointed 5 February 2018)
Trustees	C Lane (Chair - appointed 5 February 2018) J Fardell (Executive Headteacher and Accounting Officer- 5 February 2018) A Woodhouse (Trustee - appointed 8 October 2018) S Bolton (Trustee - appointed 8 October 2018) A Barnes (Trustee - appointed 8 October 2018) J Rodway (Trustee - appointed 12 December 2018) A Simpson (Trustee - appointed 14 March 2019, resigned 17 September 2019)
Company Secretary	P McKenna (appointed 14 March 2019)
Senior Management Team Executive Headteacher	J Fardell
Head of College	C Scattergood
Chief Finance Officer	P McKenna
Clerk to the Board	K Hodgetts
Principal and Registered Office	Victoria College Bell Hill Northfield Birmingham B31 1LD
Company Registration Number	11188465
Independent Auditors	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Solicitors	Browne Jacobson LLP Victoria Square House Victoria Square Birmingham B2 4BU
Bankers	Lloyds Bank plc Commercial Banking PO Box 1000 BX1 1LT

TRUSTEES' REPORT FOR THE PERIOD 5 FEBRUARY 2018 TO 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 July 2019. The charity operates as an independent specialist college, for students aged 19 to 25 with profound and multiple learning difficulties or complex medical needs and physical disabilities. The college has 30 students on roll on 1 September 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The College is a company limited by guarantee with no share capital (Registration Number: 11188465) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the College. The trustees of Victoria College are also the directors of the charitable company for the purposes of company law. The charitable company is known as Victoria College.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Victoria College has in place directors and trustees liability insurance indemnity cover to a limit of £5m.

Method of Recruitment and Appointment or Election of Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to trustees, procedures are in place for nomination and election of the trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

An induction pack containing relevant documentation needed to undertake the role is provided to all newly appointed trustees. The induction pack describes their role as a trustees and gives some basic information about the college and the governing body. A range of training is also offered to trustees each year. Training undertaken will depend on their experience.

Organisational Structure

The structure consists of two levels: the trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the college through the use of budgets and making major decisions about the direction of the college, capital expenditure and staff appointments.

The Senior Leaders are the Executive Headteacher, the Head of College and the Chief Finance Officer. These leaders control the college at an executive level, implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

TRUSTEES' REPORT FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Arrangements for setting pay and remuneration of key management personnel**

When setting pay for key management personnel, the College gives consideration to the latest College Teachers' Pay and Conditions provisions. In doing so, it considers the permanent responsibilities of each role, the specific challenges to each role as well as all other relevant considerations. One such element of this is the number of students that the College is responsible for. This incorporates the number of students by each Key Stage as well as the learning needs of pupils within the College.

The pay of key management personnel also reflects the performance of each member of staff on an annual basis.

The College will continue to use external national and sub-national benchmarking analysis to compare its pay structure against that of other schools and colleges as it has done in the past.

Trade union facility time**Relevant union officials**

During the year there were no trade union officials employed at the trust.

Connected Organisations, including Related Party Relationships

The Federation of Cherry Oak School and Victoria School are organisations connected to Victoria College.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The College Trust's objects are specifically restricted to the following: -

" to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a College offering a broad and balanced curriculum for students with profound and multiple learning difficulties";

To achieve this, the college identified the following priorities for the year:-

- To ensure that all students develop their communication skills so that they can influence the people with whom they interact community participation and promotes their health and wellbeing.
- To ensure that all students receive a broad and balanced education which facilitates community participation.
- To ensure that all students receive a holistic education that supports their physical, cognitive, social and emotional development.
- To develop the learning-centred leadership skills of all staff and trustees to a consistently outstanding quality.
- To develop the quality of teaching and learning so that 100% is good or outstanding.
- To develop the skills, performance and capacity of teaching and support staff so that they become reflective practitioners, working to a consistently high standard.
- To ensure that the social and emotional experiences of all learners are positive and rewarding.

TRUSTEES' REPORT FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Principal Activities**

At Victoria College, we work in partnership with young people, parents and carers to ensure that every student will:

- Feel safe, happy and healthy.
- Enjoy high quality learning opportunities.
- Feel challenged and inspired to participate in their learning.
- Become confident, enterprising, creative learners, ready for adult life.
- Become fully-rounded and responsible citizens, making a positive contribution to the College and their community.

Objects, Strategies and Activities

To meet these priorities the college has adopted a number of strategies and activities that include: -

- To ensure that all students make progress towards the adult outcomes identified in their Education Health and Care Plans (EHCPs).
- To ensure that the learning and teaching model used at the College engages all learners and encourages active participation.
- To ensure a coordinated approach to the continuing development of self-regulation to enable learners to manage their behaviour effectively.
- To ensure provision is personalised to the needs of all learners.
- To ensure consistently outstanding pastoral care.
- To ensure high quality schemes of learning to deliver quality teaching with a clear focus on developing holistic learning.
- To ensure there is appropriate intervention, provision and support for learners to enable all to experience success.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the College Trust's objective is to advance for the public benefit education in the United Kingdom.

STRATEGIC REPORT**Achievements and Performance**

Victoria College is in its first year as a Specialist Post 16 Institution (SPI) having previously been under Local Authority control.

The college remains a vital part of the Cherry Oak and Victoria School Federation and we continue to work closely together.

Priorities Going Forwards - Federation

- ensuring that the Federation continues to work together to provide the best outcomes;
- maintain budgetary control.

TRUSTEES' REPORT FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Key Performance Indicators**

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Considerable work is undertaken in forecasting to ensure the continued financial viability of the college. Trusts play a key role in holding the Senior Leadership Team to account in key financial matters.

Student numbers	2019
	30
Staff costs as a % of revenue income received from ESFA	126%
Staff costs as a % of total revenue grant income	51%
Staff costs as a % of total costs	60%
Capital expenditure per pupil	£ 933

Going Concern

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

FINANCIAL REVIEW**Overview**

The principal source of funding for the college is element 1 & 2 High Needs Funding from the ESFA and element 3 'top up' funding which is received via the relevant local authority.

Most of the college's income is obtained from the ESFA and the local authorities in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the period ended 31 July 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 July 2019, total expenditure of £710,681 was less than the recurrent grant funding from the ESFA and other incoming resources. Excluding restricted fixed assets funds there was a surplus before transfers for the year of £148,478.

At 31 July 2019 the net book value of fixed assets was £19,600 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the College.

Some of the staff at Victoria School who will be employed at Victoria College have not yet had their employment rights transferred over under Transfer of Undertakings (Protection of Employment) Regulations 2006. As a result the Local Government Pension Scheme liability for the proposed employees has not yet been transferred.

TRUSTEES' REPORT FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Overview (cont'd)****Financial and Risk Management Objectives and Policies**

The Trust's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk management policy

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

Reserves Policy

The trustees review the reserve levels of the college annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

- planned capital expenditure;
- improve the quality of learning and social spaces within the college;
- planned SPI conversion costs;
- forecast increases in employer contributions to the Local Government Pension Scheme.

Reserves as at 31 July 2019 were £148,878 after deductions had been made for the fixed assets of £19,600.

Financial Position

The college held fund balances at 31 July 2019 of £168,478, comprising £157,901 of restricted funds and £10,577 of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPLE RISKS AND UNCERTAINTIES

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

TRUSTEES' REPORT FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**PRINCIPLE RISKS AND UNCERTAINTIES (cont'd)**

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting, the trust's identified key risks are:

- The risk of reduced student numbers and therefore income;
- Loss of personal and sensitive information;
- Changes to rules and regulations;
- The risk of national and local funding reductions; and
- The future financial position of the LGPS pension scheme; and
- The risk of unforeseen building maintenance costs.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risks to which the College is exposed have been identified on the college's Risk Register. Trustees have reviewed the risks to which the College is exposed and systems and procedures have been put in place to manage these.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the college approach to fundraising practices is from time to time, the college will run fundraising events to raise money for other charities or for the college itself. The college does not work with any professional fundraisers.

No donations are compulsory from students or parents/carers for any fundraising event and there is the right to opt-out for any event. The college has a complaints policy which is publicly available on the college website to ensure any concerns can be reported.

Plans for Future Periods

The college will continue to closely monitor local and national funding developments and the impact that this may have on the College's financial position. The college will also remain cognisant of local changes within Birmingham that could affect the college and explore opportunities for growth.

Auditors

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees, as the company directors on 22 October 2019 and signed on their behalf by:



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C Lane

Chair of Trustees

22 October 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019

The trustees (who act as governors of Victoria College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 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 college will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 22 October 2019 and signed on its behalf by:



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C Lane
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIA COLLEGE LIMITED FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019**Opinion**

We have audited the financial statements of Victoria College Limited (the 'college trust') for the period ended 31 July 2019 which comprise Statement of Financial Activities, the Balance Sheet and 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015.

This report is made solely to the college trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the college trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college trust and the college trust's members 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 college trust's affairs as at 31 July 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015.

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 college trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college trust'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIA COLLEGE LIMITED FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report and statement of trustees responsibilities 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.

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 (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the college trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees' 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees (who are also the directors of the college trust 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 college trust'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 college trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTORIA COLLEGE LIMITED FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the college trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the college trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the college trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

22 October 2019

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(Including Income and Expenditure Account)

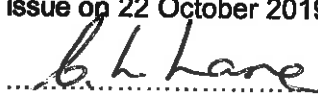
		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Period 05.02.18 to 31.07.19 £'000
Income from:					
Donations and capital grants					
Charitable activities:					
- Funding for the College Trust's educational operations	3	-	-	28	28
Other trading activities	4	-	840	-	840
Investment income	5	11	-	-	11
	6	-	-	-	-
Total		<u>11</u>	<u>840</u>	<u>28</u>	<u>879</u>
Expenditure on:					
Raising funds	7	-	-	-	-
Charitable activities:					
- College Trust's educational operations	7 & 8	-	703	8	711
Total	7	<u>-</u>	<u>703</u>	<u>8</u>	<u>711</u>
Net income		11	137	20	168
Transfers between funds	15	-	-	-	-
Net movement in funds		<u>11</u>	<u>137</u>	<u>20</u>	<u>168</u>
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward	15	<u>11</u>	<u>137</u>	<u>20</u>	<u>168</u>

All of the College Trust's activities derive from acquisitions and continuing operations during the above financial period.

BALANCE SHEET AS AT 31 JULY 2019

	Note	2019 £'000
Fixed assets		
Tangible assets	12	<u>20</u>
		<u>20</u>
Current assets		
Debtors	13	122
Cash at bank and in hand		<u>234</u>
		<u>356</u>
Current liabilities		
Creditors: Amounts falling due within one year	14	<u>(208)</u>
Net current assets		<u>148</u>
Total assets less current liabilities		168
Total net assets		<u><u>168</u></u>
Funds of the College:		
Restricted funds		
- Fixed asset fund	15	20
- Restricted income fund	15	137
Total restricted funds		<u>157</u>
Unrestricted income fund	15	11
Total unrestricted funds		<u>11</u>
Total Funds		<u><u>168</u></u>

The financial statements on pages 14 to 30 were approved by the trustees and authorised for issue on 22 October 2019 and signed on their behalf by:


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C Lane
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019

	Notes	2019 £'000
Cash flows from operating activities		
Net cash provided by operating activities	19	234
Cash flows from investing activities	20	-
Cash flows from financing activities	21	-
Change in cash and cash equivalents in the reporting period		<u>234</u>
Cash and cash equivalents at 5 February 2018	22	-
Cash and cash equivalents at 31 July 2019	22	<u>234</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019**1 Statement of Accounting Policies**

A summary of principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of Preparation

The financial statements of the College trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the 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) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Victoria College meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the College Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the College Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• Grants

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.

Capital grants are recognised in full when there is an entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund.

• Sponsorship income

Sponsorship income provided to the College Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

• Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

• Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the College Trust has provided the goods or services.

• Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items 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'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)

- **Donated goods, facilities and services (continued)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the College Trust's accounting policies.

- **Transfers of leasehold property**

Leasehold property transferred to the College from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the College Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

These are costs incurred on the College Trust's educational operations, including support costs and costs relating to the governance of the College Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing **£1,000** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Motor vehicles	20%
Furniture and equipment	33%
Computer equipment and software	25%

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Tangible Fixed Assets (continued)**

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial Instruments

The College trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the College trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instrument, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The College Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the College Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

All staff are employed by Victoria School under a service level agreement with the College. As a result no staff have been transferred under Transfer of Undertakings (Protection of Employment) Regulations 2006 and there are therefore no TPS or LGPS liabilities at the College for this period.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the College Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)**Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The College Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the College Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency arrangements

The College Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust cannot use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 26.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)**

2 POST 16 HIGH NEEDS FUNDING GRANT

Under the funding agreement with the Secretary of State the College Trust was not subject to a limit on the amount of Post 16 High Needs Funding that it could carry forward at 31 July 2019 (See note 15).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total Period 05.02.18 to 31.07.19 £'000
Voluntary donations on conversion	-	28	28
	-	28	28

The income from donations and capital grants was £28,000 of which £nil was unrestricted, £nil restricted and £28,000 restricted fixed assets.

4 FUNDING FOR THE COLLEGE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total Period 05.02.18 to 31.07.19 £'000
DfE/ESFA grants			
Post 16 High Needs funding	-	338	338
Free School Meals	-	2	2
	-	340	340
Other Government grants			
High Needs Top Up grant (BCC)	-	389	389
High Needs Top Up grant (WCC)	-	49	49
High Needs Top Up grant (Dudley MBC)	-	62	62
	-	500	500
Other income from the College trust's educational operations			
	-	-	-
	-	-	-
	-	840	840

The income from the College Trusts' educational operations was restricted for 2019.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total Period 05.02.18 to 31.07.19 £'000
Lettings	10	-	10	10
Other trading income	1	-	1	1
	11	-	11	11

The income from the College Trusts' other trading activities was unrestricted for 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019

(cont'd)

6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total Period 05.02.18 to 31.07.19 £'000
Bank interest received	-	-	-
	-	-	-

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total Period 05.02.18 to 31.07.19 £'000
	£'000	Premises £'000	Other Costs £'000	£'000
Expenditure on raising funds				
- Direct costs	-	-	-	-
- Allocated support costs	-	-	-	-
College's educational operations				
- Direct costs	328	-	73	401
- Allocated support costs	100	45	165	310
	<u>428</u>	<u>45</u>	<u>238</u>	<u>711</u>
	<u>428</u>	<u>45</u>	<u>238</u>	<u>711</u>

The expenditure was £710,681 of which £Nil was unrestricted, £702,281 restricted and £8,400 restricted fixed assets.

	Total Period 05.02.18 to 31.07.19 £'000
Net income/(expenditure) for the year includes:	
Depreciation	8
Fees payable to auditor for:	
- audit	8

8 CHARITABLE ACTIVITIES

	Total Period 05.02.18 to 31.07.19 £'000
Direct costs - educational operations	401
Support costs - educational operations	310
	<u>711</u>

Analysis of Support Costs

	Total Period 05.02.18 to 31.07.19 £'000
Support staff costs	100
Depreciation	8
Technology costs	21
Premises costs	45
Other support costs	106
Governance	30
	<u>310</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)

9 STAFF COSTS

	Total Period 05.02.18 to 31.07.19 £'000
a Staff costs during the period were:	
Wages and salaries	321
Social security costs	25
Pension costs	81
	<hr/> 427
Agency staff costs	1
Staff restructuring costs	-
	<hr/> <hr/> 428

b Staff severance payments

There are no staff restructuring costs or non-statutory/non-contractual severance payments.

c Staff numbers

The average number of persons (including senior management team) employed by the College during the period ended 31 July 2019 expressed as whole persons was as follows:

	Total Period 05.02.18 to 31.07.19 £'000
Charitable Activities	No
Teachers	2
Administration and support	22
Management	1
	<hr/> 25

d Higher paid staff

There are no employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded £60,000.

e Key management personnel

The key management of the College Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the College Trust was £61,760.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)

10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

No trustee has been paid remuneration or has received other benefits from an employment with the College Trust.

During the period 5 February 2018 to 31 July 2019 there were no remuneration payments made to trustees.

During the period 5 February 2018 to 31 July 2019 there were no travel and subsistence expenses reimbursed to the trustees in their role as trustees.

Other related party transactions including trustees are set out in note 25.

11 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the College has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on College business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 July 2019 was £7. The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Motor Vehicles £'000	Total £'000
Cost			
At 5 February 2018	-	-	-
Additions	-	28	28
Disposals	-	-	-
At 31 July 2019	<u>-</u>	<u>28</u>	<u>28</u>
Depreciation			
At 5 February 2018	-	-	-
Charged in year	-	8	8
Disposals	-	-	-
At 31 July 2019	<u>-</u>	<u>8</u>	<u>8</u>
Net book value			
At 31 July 2019	<u>-</u>	<u>20</u>	<u>20</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019 (cont'd)

13 DEBTORS	2019
	£'000
Prepayments and accrued income	122
	<u>122</u>
	<u>122</u>
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2019
	£'000
Other creditors	75
Accruals	105
Deferred income	28
	<u>208</u>
	<u>208</u>
Deferred Income	2019
	£'000
Deferred income at 5 February 2018	-
Resources deferred in the year	28
Amounts released from previous years	-
Deferred income at 31 July 2019	<u>28</u>
	<u>28</u>

At the balance sheet date the College was holding funds received in advance for 2019/20 for High Needs Top Up funding £28,126.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)

15 FUNDS

The income funds of the College comprise the following balances of grants to be applied for specific purposes:

	Balance at 5 February 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 July 2019 £'000
Restricted general funds					
Post 16 High Needs Funding (note i)	-	338	(201)	-	137
Free School Meals (note ii)	-	2	(2)	-	-
High Needs Top Up grant (note iii)	-	500	(500)	-	-
	-	840	(703)	-	137
Restricted fixed asset funds					
Fixed assets donation (note iv)	-	28	(8)	-	20
	-	28	(8)	-	20
Restricted pension scheme liability					
Pension reserve	-	-	-	-	-
	-	-	-	-	-
Total restricted funds	-	868	(711)	-	157
Unrestricted funds					
Unrestricted funds (note v)	-	11	-	-	11
Total unrestricted funds	-	11	-	-	11
Total funds	-	879	(711)	-	168

Notes

- i) Post 16 High Needs Funding Grant must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the College Trust was not subject to a limit on the amount of grant that it would carry forward at 31 July 2019. (see note 2)
- ii) Free school meals grant has been used to support young people from low income families placed at the College.
- iii) High needs top up grants from Local Authorities have been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- iv) A fixed assets donation of £28,000 was received and used to fund capital expenditure
- v) Unrestricted funds have been derived from lettings and other trading activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 July 2019 are represented by:

	Unrestricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	20	20
Current assets	11	345	-	356
Current liabilities	-	(208)	-	(208)
	<u>11</u>	<u>137</u>	<u>20</u>	<u>168</u>

17 CAPITAL COMMITMENTS

Contracted for, but not provided in the financial statements

Authorised by trustees, but not yet contracted

2019

£'000

Nil

Nil

18 COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 July 2019 the total of the College Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 Other £'000
Operating leases	-
- Within one year	-
- Within two to five years	-
- After five years	-
	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)

19 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019
	£'000
Net income for the reporting period (as per the statement of financial activities)	168
Adjusted for:	
Depreciation (note 12)	8
Capital funding received from sponsors and others	(28)
Increase in debtors	(122)
Increase in creditors	208
Net cash provided by operating activities	<u>234</u>

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2019
	£'000
Purchase of tangible fixed assets	(28)
Capital funding received from sponsors and others	28
Receipts from sale of tangible fixed assets	-
Net cash (used in)/provided by investing activities	<u>-</u>

21 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	-
Cash inflows from new borrowing	-
Net cash provided by financing activities	<u>-</u>

22 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31
	July 2019
	£'000
Cash in hand and at bank	234
Total cash and cash equivalents	<u>234</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)****23 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the College is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the College serving notice, the College shall repay to the Secretary of State sums determined by

- a) the value at that time of the College's site and premises and other assets held for the purpose of the College: and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As at 31 July 2019 there are no employees on the payroll of Victoria College Limited. All staff costs come via recharges from Victoria School. As such is it not possible to reliably estimate the LGPS Pension valuation. When staff TUPE over from Victoria School to Victoria College Limited, an obligation for Victoria College Limited to meet the future pension benefits of these staff will be created.

24 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 FEBRUARY 2018 TO 31 JULY 2019
(cont'd)****25 RELATED PARTY TRANSACTIONS**

Owing to the nature of the College Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted in accordance with the College trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transaction took place in the period of account:

Victoria College made the following purchases at arms' length in accordance with the financial regulations, which the following related parties below neither participated in, nor influenced.

J Fardell is Executive Headteacher across Victoria College, Victoria School and Cherry Oak School. Victoria College purchased goods and services from Victoria School. Total expenditure for the period ended 31 July 2019 was £547,808, of which £63,552 was outstanding at the period end. Victoria College also receives lettings income from Victoria School totalling £9,611, of which £4,514 was outstanding at the period end.

Victoria College purchases goods and services from Cherry Oak School. Total expenditure for the period ended 31 July 2019 was £5,668, of which £Nil was outstanding at the period end. Victoria College also receives lettings income from Victoria School totalling £370, of which £Nil was outstanding at the period end.

26 AGENCY ARRANGEMENTS

The College trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 July 2019 the College trust received £3,218 and disbursed £1,450 from the fund. An amount of £1,768 is included in other creditors relating to undistributed funds repayable to the ESFA.

27 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.