

**Building Crafts
College**

**Annual Report and
Accounts**

30 June 2019

Charity Registration Number
312856

Contents

Reports

Legal and administrative information	1
Trustee's report	3
Independent auditor's report	8

Accounts

Statement of financial activities	11
Balance sheet	13
Statement of cash flows	14
Principal accounting policies	15
Notes to the accounts	19

Legal and administrative information

Trustee	The Worshipful Company of Carpenters
Members of the Court	
The Master	The Lord Flight, of Worcester
Senior Warden	Mr M Morrison
Middle Warden	Brigadier M J Meardon
Junior Warden	Dr A Zimble (appointed 1 October 2019)
	Mr V G Morton-Smith
	Mr W S Haynes
	Mr P A Luton
	Mr J A C Wheeler
	Mr M O P May
	Mr M R Mathews
	Mr J D Sennitt (emeritus 1 August 2018)
	Revd Dr W P Povey
	Mr G P S Downes (emeritus 7 August 2019)
	Mr H M Lancaster
	Mr M J Samuel
	Mr M R Mosley
	Mr M W F Felton
	Mr M H W Neal
	Mr A M Gregory-Smith
	Mrs R Bower
Deputy Master	His Honour P W Birts QC
	Mr J R E Hutchons (deceased 19 December 2018)
The Clerk	Brigadier T J Gregson
Financial Controller	Ms J L Brundell
The College Principal	Mr L R Conway
College address	Kennard Road Stratford London E15 1AH
Registered address	Carpenters' Hall Throgmorton Avenue London EC2N 2JJ
Charity registration number	312856

Legal and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Investment advisors	The Investments Committee of The Worshipful Company of Carpenters
Solicitors	Wedlake Bell LLP 71 Queen Victoria Street London EC4V 4AY
Surveyors	Daniel Watney LLP 165 Fleet Street London EC4A 2DW

The Trustee presents its statutory report together with the accounts of the Building Crafts College (the "charity") for the year ended 30 June 2019.

The accounts have been prepared in accordance with the accounting policies set out on pages 15 to 18 of the attached accounts and comply with the charity's constitution, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, governance and management

The charity is governed by a constitution last revised on 7 March 2006.

The overall responsibility for the charity lies with the Trustee, The Worshipful Company of Carpenters as represented by the Master, Wardens and Court of Assistants, the members of which are listed on page 1. Under the charity's constitution certain responsibilities are delegated to the Governors who are members of the Building Crafts College Committee of The Worshipful Company of Carpenters. Responsibility for the day to day management of the College is delegated to the College Principal who reports to the Court of The Worshipful Company of Carpenters on a monthly basis.

The Trustee, The Worshipful Company of Carpenters, which performs its function as Trustee through its Court of Assistants, appoints its Assistants from within its members, of which normally one is inducted each year.

The Trustee has considerable experience of the charity through the Court of Assistants. This experience has been gathered over many years and the Court's knowledge of the workings of the charity is extensive. Further training has been given to members of the Court during the year and is made available where appropriate. Professional advice is always sought where required.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the members of the Court of Assistants, the Governors, the Principal and the Bursar.

The remuneration of all staff, including the key management personnel, is reviewed each November, with changes implemented with effect from the following 1 January.

Risk management

The Trustee has assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances and has reviewed them on an annual basis. The Trustee believes that by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, it has established effective systems to mitigate those risks.

The key risks facing the College are as follows:

- ◆ Significant reputational damage, such as a poor Ofsted grading or safeguarding failure, might lead to the withdrawal of contracts and poor recruiting and retention. A failure to recruit to course targets at the start of the year is the greatest risk faced by the College. The only realistic remedial action is to launch fresh courses in January each year.

Structure, governance and management (continued)

Risk management (continued)

- ◆ Withdrawal of funding, either from the Worshipful Company of Carpenters or from government and other sources. The College guards against long term trends, such as the recent reduction in government funding for adults, by re-focussing course provision to match potential government income streams (hence the current emphasis on 16-18 year old learners and apprenticeships).
- ◆ Physical risk, such as fire or mechanical injury (Health & Safety). The Company has an insurance policy with the Livery Companies Mutual to protect the College against this risk.

These risks are reviewed constantly by the Governors and the Senior Management Team at the College.

Connected charities and related parties

The Worshipful Company of Carpenters is responsible for the management and administration of three other registered charities, details of which are given in note 18 to the accounts.

The College operates from premises leased from the Worshipful Company of Carpenters and from a connected charity, Carpenters' Company Charitable Trust. The charity is dependent on the financial support of Carpenters' Company Charitable Trust and receives a grant from Carpenters' Company Charitable Trust each year to ensure that its unrestricted income equals its unrestricted expenditure.

Objectives and activities

The aims of the charity are the promotion of education and training in the building and allied crafts and trades.

The charity fulfils its principal aims through the operation of a college known as the Building Crafts College (the 'College') which is based in Stratford, London E15.

In addition, grants, scholarships and awards are made annually.

The main objectives for the year were to develop and expand construction based training courses.

Public benefit statement

The Trustee confirms that it has complied with its duty under section 17 of the Charities Act 2011. It has considered the public benefit guidance published by the Charity Commission and believes that it has followed its guidance in this area. The Trustee's report gives a description of the activities undertaken by the charity during the year in furtherance of its charitable purposes and the Trustee is satisfied that all such activities provide a public benefit.

Achievements during the year

The Building Crafts College has a well-earned reputation for the teaching of high level construction skills in both crafts and technical subjects. In a challenging further education sector the College seeks to meet both the needs of our industry and our community, and respond to government policy and associated initiatives.

The College offers provision including courses for 14-16 year old students attending alternative provision establishments, young people leaving school and studying crafts, adult students wishing to develop or change careers, degree students studying historic building conservation and apprentices sent to study at the College by their employers.

Enrolment in most areas is similar to the previous year with the exception of apprenticeships which has seen an increase, particularly in the area of carpentry and joinery where new intake numbers doubled when compared to the year prior. It is also pleasing to see that the bricklaying course, begun only in the previous year, recruited well. The area of furniture making has continued to thrive.

Again this year College students have received recognition and accolades from the wider industry with a number of awards from major companies during the New Designers exhibition. In addition, furniture-making students won the student category of the national Wood Awards. Stonemasonry students also performed well in the national Skill Build competitions.

Student performance on courses at the College has been good and a number of students have been engaged in external activity, including the making of a stone obelisk now displayed at the Painted Hall of the Royal Naval College at Greenwich, student demonstrations at the Oxo tower during Craft Week and brickwork students carrying out work at a community centre in Stratford. Brickwork students have also been engaged in the production of testing rigs at the Bartlett School of Architecture.

Progression to apprenticeships and employment has increased this year and apprentice enrolments are expected to increase again in 2019/20. The recruitment of new students generally is close to target but the number progressing to the next level of study has increased.

Financial review

A summary of the results of the charity for the year can be found on page 11. Total income of the charity for the year amounted to £2,807,598 (2018 – £2,993,688) of which £982,269 (2018 - £868,604) comprised a grant from Carpenters' Company Charitable Trust. Total expenditure of the charity during the year decreased from £2,994,271 to £2,836,468. This includes rental costs for the College of £403,960 (2018 – £403,960).

Reserves policy

The balance sheet shows total funds of £106,888 (2018 - £131,128) which comprise permanent endowment funds of £58,084 (2018 - £53,454) and restricted funds of £48,804 (2018 - £77,674).

As explained above, the charity is dependent on the financial support of Carpenters' Company Charitable Trust and it has no 'free' reserves.

Financial review (continued)

Investment policy

The charity has investments comprising COIF Charities Investment Fund units with a market value as at 30 June 2019 of £58,084 (2018 - £53,454).

There are no restrictions on the charity's power to invest. The investment strategy is set by the Trustee and takes into account income requirements, risk profile and its view of the market prospects in the medium term. The overall investment policy is to provide a stable level of income.

The Trustee is satisfied that its investment policy is being achieved.

Future plans

The College's plans for the forthcoming year include the following:

In 2019/20 the number of apprentices will increase by 10% as the reputation of the College, as a provider of training that meets the needs of employers continues to grow. The Construction Operations course will cease due to a lack of uptake and very poor funding levels applied to this provision. The number of brickwork apprentices will grow as this area incorporates more heritage-based work to meet the needs of specialist contractors. Site Carpentry apprentice numbers will increase for the second year in succession. The pressure on the use of classroom space will increase due to increased numbers and this will be addressed by the procurement of laptop computers at Kennard Road which will allow the increased use of non-classroom areas, such as meeting rooms, and the provision of additional space at the Gibbins Road Centre.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustee's annual report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The law applicable to charities in England and Wales requires the Trustee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing accounts giving a true and fair view, the Trustee is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any departures disclosed and explained in the accounts; and
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the Charity's governing document. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustee and signed on its behalf by:



Master
The Worshipful Company of Carpenters (Trustee)

Approved on: 6 November 2019

Independent auditor's report to the Trustee of The Building Crafts College

Opinion

We have audited the accounts of The Building Crafts College (the 'charity') for the year ended 30 June 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 30 June 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the 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 charity 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 Trustee's use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- ◆ the Trustee has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity'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 accounts are authorised for issue.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Annual report and accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information (continued)

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- ◆ the information given in the Trustee's annual report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts 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 Trustee

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustee is responsible for assessing the charity'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 Trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to it 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Buzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

6 November 2019

Buzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year to 30 June 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2019 Total funds £	2018 Total funds £
Income from:						
Donations and legacies	1	994,371	60,767	—	1,055,138	1,047,470
Investment income	2	1,793	—	—	1,793	1,796
Charitable activities	3	1,730,874	19,793	—	1,750,667	1,944,422
Total Income		2,727,038	80,560	—	2,807,598	2,993,688
Expenditure on:						
Charitable activities	4	2,782,302	54,166	—	2,836,468	2,994,271
Total expenditure		2,782,302	54,166	—	2,836,468	2,994,271
Net (expenditure) income before gains on investments	5	(55,264)	26,394	—	(28,870)	(583)
Net gains on investments		—	—	4,630	4,630	2,829
Net (expenditure) income and net movement in funds		(55,264)	26,394	4,630	(24,240)	2,246
Transfers between funds	14	55,264	(55,264)	—	—	—
		—	(28,870)	4,630	(24,240)	2,246
Reconciliation of funds:						
Fund balances brought forward at 1 July 2018		—	77,674	53,454	131,128	128,882
Fund balances carried forward at 30 June 2019		—	48,804	58,084	106,888	131,128

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

Statement of financial activities Year to 30 June 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total funds £
<i>Income from:</i>					
<i>Donations and legacies</i>	1	962,304	85,166	—	1,047,470
<i>Investment income</i>	2	1,796	—	—	1,796
<i>Charitable activities</i>	3	1,927,185	17,237	—	1,944,422
<i>Total income</i>		<u>2,891,285</u>	<u>102,403</u>		<u>2,993,688</u>
<i>Expenditure on:</i>					
<i>Charitable activities</i>	4	2,952,385	41,886	—	2,994,271
<i>Total expenditure</i>		<u>2,952,385</u>	<u>41,886</u>	<u>—</u>	<u>2,994,271</u>
<i>Net (expenditure) income before gains on investments</i>	5	(61,100)	60,517	—	(583)
<i>Net gains on investments</i>		—	—	2,829	2,829
<i>Net (expenditure) income and net movement in funds</i>		(61,100)	60,517	2,829	2,246
<i>Transfers between funds</i>	14	61,100	(61,100)	—	—
<i>Reconciliation of funds:</i>		—	(583)	2,829	2,246
<i>Fund balances brought forward at 1 July 2017</i>		—	78,257	50,625	128,882
<i>Fund balances carried forward at 30 June 2018</i>		—	77,674	53,454	131,128

All of the charity's activities derived from continuing operations during the above financial period.

Balance sheet 30 June 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible fixed assets	9	65,730	81,687
Investments	10	58,084	53,454
		<u>123,814</u>	<u>135,141</u>
Current assets			
Stock		89,932	97,374
Debtors	11	377,059	374,097
Cash at bank and in hand		124,027	127,049
		<u>591,018</u>	<u>598,520</u>
Creditors: amounts falling due within one year	12	<u>(607,944)</u>	<u>(602,534)</u>
Net current liabilities		(16,926)	(4,013)
Total net assets		<u>106,888</u>	<u>131,128</u>
The funds of the charity:			
Funds and reserves			
<i>Capital funds:</i>			
Endowment funds	13	58,084	53,454
<i>Income funds:</i>			
Restricted funds	14	48,804	77,674
		<u>106,888</u>	<u>131,128</u>

Approved by the Trustee
and signed on its behalf by:



Master
The Worshipful Company of Carpenters (Trustee)

Approved on: 6 November 2019

Statement of cash flows 30 June 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	18,311	64,261
Cash flows from Investing activities:			
Investment income		1,793	1,796
Purchase of tangible fixed assets		(23,126)	(66,342)
Net cash used in investing activities		(21,333)	(64,546)
Change in cash and cash equivalents in the year		(3,022)	(285)
Cash and cash equivalents at 1 July 2018	B	127,049	127,334
Cash and cash equivalents at 30 June 2019	B	124,027	127,049

Notes to the statement of cash flows for the year to 30 June 2019.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	(24,240)	2,246
Adjustments for:		
Depreciation charge	39,083	38,431
Gains on investments	(4,630)	(2,829)
Investment income	(1,793)	(1,796)
Decrease (increase) in stocks	7,442	(5,881)
(Increase) decrease in debtors	(2,962)	113,765
Increase (decrease) in creditors	5,411	(79,675)
Net cash provided by operating activities	18,311	64,261

B Analysis of cash and cash equivalents

	2019 £	2018 £
Total cash and cash equivalents: cash at bank and in hand	124,027	127,049

Principal accounting policies 30 June 2019

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

Basis of preparation

These accounts have been prepared for the year to 30 June 2019 with comparative information presented for the year to 30 June 2018.

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

The accounts 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) (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustee and management to make significant judgements and estimates.

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

- ◆ the level of income to be recognised from government agencies and the CITB contract;
- ◆ the book value of stock;
- ◆ the useful economic life of tangible fixed assets; and
- ◆ the appropriate level of bad debt provision.

Assessment of going concern

The Trustee has assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Trustee has made this assessment in respect to a period of at least one year from the date of approval of these accounts.

The Trustee of the charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The charity is dependent on the financial support of Carpenters' Company Charitable Trust and receives a grant from Carpenters' Company Charitable Trust each year to ensure that its unrestricted income equals its unrestricted expenditure. Therefore, the Trustee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

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

Income comprises donations, investment income and income from course fees and government agencies.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services, but as donations where the money is given with greater freedom of use, for example monies for core funding.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis and is stated inclusive of irrecoverable VAT.

Expenditure on charitable activities comprises the costs of operating a college including support costs and governance costs.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised, and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ◆ Furniture and general office equipment 10 - 50% per annum based on cost
- ◆ Plant and machinery 10 - 25% per annum based on cost

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

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

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Fund structure

Endowment funds comprise monies which must be held indefinitely as capital. Income therefrom is credited to general funds and applied for general purposes.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Leased assets

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

Pension costs

Under the definitions set out in FRS 102, the Carpenters' Company Pension and Assurance Scheme is a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. Accordingly, the charity has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Contributions to defined contribution schemes, including under auto-enrolment, have been charged in the statement of financial activities when payable.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand and debtors. Financial liabilities held at amortised cost comprise creditors.

1 Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
Grant from Carpenters' Company Charitable Trust	982,269	—	982,269	868,604	—	868,604
Donation from The Worshipful Company of Carpenters	2,945	—	2,945	74,073	—	74,073
Other donations	9,167	60,767	69,924	19,627	85,166	104,793
2019 Total funds	994,371	60,767	1,055,138	962,304	85,166	1,047,470

2 Investments

	Unrestricted funds	
	2019 £	2018 £
Income from listed investments – Common investment funds	1,793	1,796
2019 Total funds	1,793	1,796

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
Course fees	639,921	—	639,921	716,403	—	716,403
Government agencies	1,044,694	19,793	1,064,487	1,147,642	17,237	1,164,879
Other income	46,259	—	46,259	63,140	—	63,140
2019 Total funds	1,730,874	19,793	1,750,667	1,927,185	17,237	1,944,422

4 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
College operating costs						
Staff costs (note 6)	1,812,422	36,767	1,849,189	1,922,396	36,381	1,958,777
Rent	403,960	—	403,960	403,960	—	403,960
Tools	38,531	—	38,531	28,953	—	28,953
Materials	53,855	—	53,855	61,411	—	61,411
Light and power	46,140	—	46,140	47,207	—	47,207
Rates	18,985	—	18,985	17,552	—	17,552
Insurance	30,604	—	30,604	31,815	—	31,815
Equipment repairs and maintenance	46,992	—	46,992	39,020	—	39,020
Telephone and IT	33,654	—	33,654	35,510	—	35,510
Exhibitions and advertising	20,327	—	20,327	34,001	—	34,001
Cleaning	25,214	—	25,214	25,085	—	25,085
Books, printing and stationery	33,440	—	33,440	33,686	—	33,686
Depreciation	33,579	5,504	39,083	32,926	5,505	38,431
Building Crafts College prize giving	8,634	—	8,634	6,434	—	6,434
Training and seminars	5,556	—	5,556	8,080	—	8,080
Exam fees	38,785	—	38,785	46,834	—	46,834
Provision for doubtful debts	12,311	—	12,311	10,000	—	10,000
Bad debt expense	—	—	—	36,606	—	36,606
Student welfare	39,641	11,895	51,536	41,076	—	41,076
Management charge	30,000	—	30,000	30,000	—	30,000
Governance costs	16,920	—	16,920	16,440	—	16,440
Miscellaneous	32,752	—	32,752	43,393	—	43,393
2019 Total funds	2,782,302	54,166	2,836,468	2,952,385	41,886	2,994,271

5 Net (expenditure) income before gains on investments

This is stated after charging:

Charity	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
Staff costs (note 6)	1,812,422	36,767	1,849,189	1,922,396	36,381	1,958,777
Auditor's remuneration	16,920	—	16,920	16,440	—	16,440
Depreciation	33,579	5,504	39,083	32,926	5,505	38,431
Operating lease rentals	403,960	—	403,960	403,960	—	403,960

6 Employees and staff costs

	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
Wages and salaries	1,470,544	36,767	1,507,311	1,480,598	36,381	1,516,979
Social security costs	141,765	—	141,765	149,943	—	149,943
Other pension costs	112,950	—	112,950	105,239	—	105,239
Other staff costs	87,163	—	87,163	186,616	—	186,616
	1,812,422	36,767	1,849,189	1,922,396	36,381	1,958,777

The average number of employees during the year was 55 (2018 – 54).

6 Employees and staff costs (continued)

In the year to 30 June 2019 no redundancy costs were paid (2018 - £46,614 of which £29,940 related to non-statutory/non-contractual severance payments).

The number of employees who earned £60,000 or more (including taxable benefits but excluding employer's pension contributions and employer's national insurance contributions) during the year was as follows:

	2019 Number	2018 Number
£80,000 - £89,999	1	2

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the members of the Court of Assistants, the Governors, the Principal and the Bursar.

The total remuneration (including taxable benefits, employer's pension contributions and employer's national insurance contributions) of the key management personnel for the year was £105,982 (2018: £169,985).

7 Trustee's remuneration

None of the members of the Court of Assistants or the Governors received any remuneration in respect of their services as trustees during the year nor any reimbursement of expenses from the charity (2018: nil).

8 Taxation

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

9 Tangible fixed assets

	Furniture and office equipment £	Plant and machinery £	Total £
Cost			
At 1 July 2018	463,745	236,229	699,974
Additions	7,633	15,493	23,126
At 30 June 2019	471,378	251,722	723,100
Depreciation			
At 1 July 2018	422,853	195,434	618,287
Charge in year	18,355	20,728	39,083
At 30 June 2019	441,208	216,162	657,370
Net book values			
At 30 June 2019	30,170	35,560	65,730
At 30 June 2018	40,892	40,795	81,687

10 Fixed asset investments

	2019 £	2018 £
Listed investments		
Market value at 1 July 2018	53,454	50,625
Unrealised gains on investments	4,630	2,829
Market value at 30 June 2019	<u>58,084</u>	<u>53,454</u>
Cost of listed investments at 30 June 2019	<u>6,558</u>	6,558

Listed investments comprise COIF Charities Investment Fund Income units.

11 Debtors

	2019 £	2018 £
Course fees and support including accrued income	135,194	113,707
Government agencies	96,665	124,947
Other debtors	8,928	8,351
Prepayments	136,272	127,092
	<u>377,059</u>	<u>374,097</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Due to Carpenters' Company Charitable Trust	223,277	359,588
Due to The Worshipful Company of Carpenters	30,000	30,000
Due to Norton Folgate Trust	4,000	—
Other creditors and accruals	350,667	212,946
	<u>607,944</u>	<u>602,534</u>

13 Endowment funds

The capital funds of the charity include endowed monies which must be retained indefinitely.

	At 1 July 2017 £	Investment gains £	At 30 June 2018 £	Investment gains £	At 30 June 2019 £
John Willson Trust	6,596	369	6,965	603	7,568
Technical Education (general)	1,109	62	1,171	101	1,272
Sir Henry Harben's Gift	13,307	744	14,051	1,217	15,268
Alfred Preston's Prize Fund	6,128	342	6,470	560	7,030
Barnes' Gift	1,450	81	1,531	133	1,664
Sir Banister Fletcher Trust	8,943	500	9,443	818	10,261
Major C A A Robertson's Prize Fund 1996	9,812	548	10,360	898	11,258
C K Austin Fund	3,280	183	3,463	300	3,763
	<u>50,625</u>	<u>2,829</u>	<u>53,454</u>	<u>4,630</u>	<u>58,084</u>

The funds were established to provide income for prizes.

14 Restricted funds

The income funds of the charity include the following restricted funds.

	At 1 July 2018 £	Income £	Expenditure £	Transfers £	At 30 June 2019 £
City & Guilds funds	—	24,000	—	(22,000)	2,000
16-18 Bursary funds	44,904	18,709	—	(29,805)	33,808
Adult Bursary funds	15,371	1,084	—	(3,459)	12,996
R Jones Apprenticeship fund	11,895	—	(11,895)	—	—
Sir John Cass PDBW Fund	—	36,767	(36,767)	—	—
Carpenters' Company Stone Saw fund	2,000	—	(2,000)	—	—
LSC capital grants	3,504	—	(3,504)	—	—
	<u>77,674</u>	<u>80,560</u>	<u>(54,166)</u>	<u>(55,264)</u>	<u>48,804</u>

	At 1 July 2017 £	Income £	Expenditure £	Transfers £	At 30 June 2018 £
City & Guilds funds	7,515	38,785	—	(46,300)	—
16-18 Bursary funds	38,232	14,297	—	(7,625)	44,904
Adult Bursary funds	14,824	2,940	—	(2,393)	15,371
R Jones Apprenticeship fund	6,677	10,000	—	(4,782)	11,895
Sir John Cass PDBW fund	—	36,381	(36,381)	—	—
Carpenters' Company Stone Saw fund	4,000	—	(2,000)	—	2,000
LSC capital grants	7,009	—	(3,505)	—	3,504
	<u>78,257</u>	<u>102,403</u>	<u>(41,886)</u>	<u>(61,100)</u>	<u>77,674</u>

The transfers to unrestricted funds represents the utilisation of the funds to meet College fees in line with the terms of the funds.

The specific purposes for which the funds are to be applied are as follows:

- ◆ The City & Guilds funds are to be used for students on specific courses.
- ◆ The 16-18 and Adult Bursary funds are for students on ESFA funded courses.
- ◆ The R Jones Apprenticeship fund represents monies donated towards the training of apprenticeships.
- ◆ The Sir John Cass PDBW fund represents monies donated to pay the salary of a personal development, behaviour and welfare co-ordinator.
- ◆ The Carpenters' Company Stone Saw fund represents monies donated toward the replacement of the stone saw.
- ◆ LSC capital grants were received towards the installation of a kitchen, installation of a stone saw and towards an IT upgrade.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Fund balances at 30 June 2019				
are represented by:				
Fixed assets	65,730	—	58,084	123,814
Current assets	542,214	48,804	—	591,018
Creditors: amounts falling due within one year	(607,944)	—	—	(607,944)
Total net assets	—	48,804	58,084	106,888
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2018 £</i>
Fund balances at 30 June 2018				
are represented by:				
Fixed assets	76,182	5,505	53,454	135,141
Current assets	526,352	72,169	—	598,521
Creditors: amounts falling due within one year	(602,534)	—	—	(602,534)
Total net assets	—	77,674	53,454	131,128

16 Commitments**Operating leases**

At 30 June 2019 the total future lease payments under non-cancellable operating leases were as follows:

	Land and buildings	
	2019 £	2018 £
Payable within		
One year	400,274	408,524
Two to five years	464,841	860,551
	865,115	1,269,075

17 Pension commitments

Certain current and former employees of the charity are members of the "Carpenters' Company Pension and Assurance Scheme" which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the sponsoring employer, The Worshipful Company of Carpenters, being invested with Legal and General Assurance in an Insurance Contract.

The contributions are determined on the basis of triennial valuations by a qualified actuary using the attained age method. The employers' contribution rate is 28.3% of pensionable pay and the employees' contribution rate is 6% of pensionable pay. The total charge for the year in these accounts is £14,060 (2018 - £7,103).

17 Pension commitments (continued)

The most recent valuation was as at 1 July 2018 and showed that the market value of the scheme's assets was £5,006,000 and that the ongoing funding level was 124%. The assumptions which have the most significant effect on the results of the valuation are as follows:

◆ RPI	3.1% p.a.
◆ Earnings increases	3.1% p.a.
◆ Discount rate	2.6% p.a.

The investment return on new contributions and existing assets will equal the funding discount rate used to calculate the liabilities.

The scheme has been closed to new members. New employees are able to join a group personal pension scheme administered by Aegon.

This scheme is a multi-employer scheme and it is not possible to identify the charity's share of the scheme assets and liabilities on a reasonable and consistent basis. Therefore, the pension costs have been accounted for as if it was a defined contribution scheme. As at 30 June 2019 there was one active member in the scheme who was not an employee of the charity.

Some details concerning the scheme as a whole are set out below. The information is based upon a full actuarial valuation of the scheme at 1 July 2018 updated to 30 June 2019 by a qualified independent actuary using FRS 102 guidelines.

	2019 £	2018 £
Market value of assets	4,944,000	5,083,000
Present value of scheme liabilities	(4,591,000)	(4,483,000)
Surplus in the scheme – net pension asset	353,000	600,000

The employers are not able to recover this surplus through reduced contributions and so this surplus cannot be recognised under FRS 102.

The assets in the scheme were:

	2019 £	2018 £
Deposit administration contract (insurance policy)	4,944,000	5,083,000

The major assumptions used by the actuary were:

	2019	2018
Inflation	3.3%	3.1%
Rate of increase in salaries	3.3%	3.1%
Rate of increase for pensions		
. earned before 1 August 1998	5.0%	5.0%
. earned after 31 July 1998	3.3%	3.1%
Discount rate for liabilities	2.1%	2.6%

18 Related party transactions

The Worshipful Company of Carpenters is responsible for the appointment of the Trustees of, or acts as Trustee of, the following charities which are registered with the Charity Commission:

- ◆ Carpenters' Company Charitable Trust: No 276996
- ◆ Norton Folgate Trust: No 230990
- ◆ Rustington Convalescent Home: No 216865

During the year the charity received grants from Carpenters' Company Charitable Trust of £982,269 (2018 - £868,604), paid rent to Carpenters' Company Charitable Trust of £370,960 (2018 - £370,960) and paid rent to The Worshipful Company of Carpenters of £33,000 (2018 - £33,000). The charity also incurred a management charge from The Worshipful Company of Carpenters of £30,000 (2018 - £30,000) and received payments under Gift Aid from The Worshipful Company of Carpenters of £2,945 (2018 - £74,073).

There were no other related party transactions.

Amounts due to related parties are disclosed in note 12 to the accounts.