

**Building Crafts  
College**

**Annual Report and  
Accounts**

30 June 2020

Charity Registration Number  
312856

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## Legal and administrative information

<b>Trustee</b>	The Worshipful Company of Carpenters
<b>Members of the Court</b>	
The Master	Mr M Morrison
Senior Warden	Brigadier M J Meardon
Middle Warden	Dr A Zimbler (appointed 2 October 2019)
Junior Warden	Dr L D G Grossman (appointed 22 September 2020)
	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
	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 F Bower
	His Honour P W Birts QC
Deputy Master	The Lord Flight, of Worcester
<b>The Clerk</b>	Brigadier T J Gregson
<b>Financial Controller</b>	Ms J L Brundell
<b>The College Principal</b>	Mr D Dowdles
<b>College address</b>	Kennard Road Stratford London E15 1AH
<b>Registered address</b>	Carpenters' Hall Throgmorton Avenue London EC2N 2JJ
<b>Charity registration number</b>	312856

## Legal and administrative information

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP
<b>Investment advisors</b>	The Investments Committee of The Worshipful Company of Carpenters
<b>Solicitors</b>	Wedlake Bell LLP 71 Queen Victoria Street London EC4V 4AY
<b>Surveyors</b>	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 2020.

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.

## **Structure, governance and management** (continued)

### ***Risk management*** (continued)

The key risks facing the College, in addition to the impact of Covid-19 referred to later in this report, 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.
- ◆ 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 The Worshipful Company of Carpenters 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 4 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.

### **Fundraising statement**

The charity does not actively solicit donations and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. When donations from individuals are received, the charity aims to protect personal data and never sell data or swap data with other organisations. During the current and prior year, the charity received no complaints about fundraising activities.

### **Achievements and activities 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 both meet the needs of our industry, our community and respond to government policy and associated initiatives.

The College offers provision ranging from young people leaving school to study construction skills or craft, adult students wishing to develop or change careers and apprentices sent to study at the College by their employers.

Enrolment in most areas is similar to the previous year with the increased number of apprenticeships from 2018-19 being maintained in 2019-20, particularly in the area of carpentry and joinery where new intake numbers doubled in the previous year and remained high in this year.

Again this year, BCC students have won recognition and accolade from the wider industry with a Stonemasonry apprentice selected to represent Team UK in the Euroskills competition (postponed to 2021 due to Coronavirus). In addition, 5 members of staff received awards for excellence within their craft from the Masons, Carpenters, Joiners and Ceilers and Furniture Makers, presented at the Mansion House Livery Companies award ceremony.

The Coronavirus global pandemic resulted in the temporary closure of the College in March 2020. Plans were immediately made for a return to face-to-face operations as soon as possible and the College re-opened to a small cohort of students at the end of June 2020 under a raft of control measures to maintain Covid safety. Financial losses incurred by this closure related solely to self-funded fee-paying students with whom the College negotiated waived and reduced fees for the Summer term 2020.

The long-serving Principal Len Conway retired in July 2020 and has been replaced by David Dowdles who started in February 2020.

### **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 £2,905,907 (2019 – £2,807,598) of which £1,026,868 (2019 - £982,269) comprised a grant from Carpenters' Company Charitable Trust. Total expenditure of the charity during the year increased from £2,836,468 to £2,892,612. This includes rental costs for the College of £403,960 (2019 – £403,960).

### **Reserves policy**

The balance sheet shows total funds of £121,848 (2019 - £106,888) which comprise permanent endowment funds of £59,749 (2019 - £58,084) and restricted funds of £62,099 (2019 - £48,804).

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

### **Investment policy**

The charity has investments comprising COIF Charities Investment Fund units with a market value as at 30 June 2020 of £59,749 (2019 - £58,084).

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.

### **Post balance sheet events and future plans**

Whilst the number of apprentices in 2020-21 has decreased as a result of employers closing or cutting costs due to the Coronavirus pandemic, numbers are expected to grow steadily over the coming years as the reputation of the College, as a provider of training that meets the needs of employers, continues to grow. This is supported by the new Senior Manager – Employer Engagement post.

The pressure on the use of classroom space will increase due to the requirement for social distancing but a review of spaces is being carried out in 2020-21 which will support an improved learning environment.

The impact of Covid on the year 2020-21 is still uncertain. Income projections for budgeting purposes have been based on an expected reduction by 30% from 2019-20.

To date, there has been one single case of Covid within the College staff which has led to another short temporary closure (bringing Autumn half term forward by 2 weeks). The fact that it has not been an outbreak (3 or more cases) indicates that the control measures have been successful.

The potential for further short-term closures relating to Government guidance on Covid-19 or responding to local infection, pose a risk to the business by shortening the time in which students can attain their qualifications and potentially reducing income. At present, the Government has not reduced educational funding for 16-19s or apprentices but this is not a certainty for the future.



**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:

M Morrison

Master

The Worshipful Company of Carpenters (Trustee)

Approved on: 4 November 2020

## **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 2020 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 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the 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](http://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.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

4 November 2020

Buzzacott 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 2020

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	2020 Total funds £	2019 Total funds £
<b>Income from:</b>						
Donations and legacies	1	1,046,270	247,467	—	<b>1,293,737</b>	1,055,138
Investment income	2	1,769	—	—	<b>1,769</b>	1,793
Charitable activities	3	1,610,401	—	—	<b>1,610,401</b>	1,750,667
<b>Total income</b>		<u>2,658,440</u>	<u>247,467</u>	<u>—</u>	<u><b>2,905,907</b></u>	<u>2,807,598</u>
<b>Expenditure on:</b>						
Charitable activities	4	2,752,145	140,467	—	<b>2,892,612</b>	2,836,468
<b>Total expenditure</b>		<u>2,752,145</u>	<u>140,467</u>	<u>—</u>	<u><b>2,892,612</b></u>	<u>2,836,468</u>
<b>Net (expenditure) income before gains on investments</b>	5	(93,705)	107,000	—	<b>13,295</b>	(28,870)
<b>Net gains on investments</b>		—	—	1,665	<b>1,665</b>	4,630
<b>Net (expenditure) income and net movement in funds</b>		(93,705)	107,000	1,665	<b>14,960</b>	(24,240)
<b>Transfers between funds</b>	14	93,705	(93,705)	—	—	—
		—	13,295	1,665	<b>14,960</b>	(24,240)
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 July 2019		—	48,804	58,084	<b>106,888</b>	131,128
Fund balances carried forward at 30 June 2020		—	62,099	59,749	<b>121,848</b>	106,888

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

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

**Balance Sheet** 30 June 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible fixed assets	9	156,915	65,730
Investments	10	59,749	58,084
		<b>216,664</b>	123,814
<b>Current assets</b>			
Stock		52,125	89,932
Debtors	11	272,502	377,059
Cash at bank and in hand		358,663	124,027
		<b>683,290</b>	591,018
<b>Creditors:</b> amounts falling due within one year	12	<b>(778,106)</b>	(607,944)
<b>Net current liabilities</b>		<b>(94,816)</b>	(16,926)
<b>Total net assets</b>		<b>121,848</b>	106,888
<b>The funds of the charity:</b>			
<b>Funds and reserves</b>			
<b>Capital funds:</b>			
Endowment funds	13	59,749	58,084
<b>Income funds:</b>			
Restricted funds	14	62,099	48,804
		<b>121,848</b>	106,888

Approved by the Trustee  
and signed on its behalf by:

M Morrison  
Master  
The Worshipful Company of Carpenters (Trustee)

Approved on: 4 November 2020

Statement of cash flows 30 June 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	A	<b>352,187</b>	18,311
<b>Cash flows from investing activities:</b>			
Investment income		1,769	1,793
Purchase of tangible fixed assets		<b>(119,320)</b>	(23,126)
<b>Net cash used in investing activities</b>		<b>(117,551)</b>	(21,333)
<b>Change in cash and cash equivalents in the year</b>		<b>234,636</b>	(3,022)
<b>Cash and cash equivalents at 1 July 2019</b>	B	<b>124,027</b>	127,049
<b>Cash and cash equivalents at 30 June 2020</b>	B	<b>358,663</b>	124,027

Notes to the statement of cash flows for the year to 30 June 2020.

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

	2020 £	2019 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>14,960</b>	(24,240)
<b>Adjustments for:</b>		
Depreciation charge	28,135	39,083
Gains on investments	(1,665)	(4,630)
Investment income	(1,769)	(1,793)
Decrease in stocks	37,807	7,442
Decrease (increase) in debtors	104,557	(2,962)
Increase in creditors	170,162	5,411
<b>Net cash provided by operating activities</b>	<b>352,187</b>	18,311

**B Analysis of cash and cash equivalents**

	2020 £	2019 £
<b>Total cash and cash equivalents: cash at bank and in hand</b>	<b>358,663</b>	124,027



## Principal accounting policies 30 June 2020

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

### **Basis of preparation**

These accounts have been prepared for the year to 30 June 2020 with comparative information presented for the year to 30 June 2019.

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, including considering the impact of Covid-19 on the charity's income, expenditure and reserves and the charity's employees and beneficiaries. The Trustee has made this assessment in respect to a period of at least one year from the date of approval of these accounts.

**Assessment of going concern** (continued)

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 The Worshipful Company of Carpenters 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**

Expenditure is recognised 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. Apart from fixed asset investments held at fair value (see above), 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 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Grant from Carpenters' Company Charitable Trust	1,026,868	—	1,026,868	982,269	—	982,269
Donation from The Worshipful Company of Carpenters	—	183,718	183,718	2,945	—	2,945
Other donations	19,402	63,749	83,151	9,157	60,767	69,924
<b>2020 Total funds</b>	<b>1,046,270</b>	<b>247,467</b>	<b>1,293,737</b>	<b>994,371</b>	<b>60,767</b>	<b>1,055,138</b>

## 2 Investments

	Unrestricted funds	
	2020 £	2019 £
Income from listed investments – Common investment funds	1,769	1,793
<b>2020 Total funds</b>	<b>1,769</b>	<b>1,793</b>

## 3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Course fees	385,109	—	385,109	639,921	—	639,921
Government agencies	1,196,398	—	1,196,398	1,044,694	19,793	1,064,487
Other income	28,894	—	28,894	46,259	—	46,259
<b>2020 Total funds</b>	<b>1,610,401</b>	<b>—</b>	<b>1,610,401</b>	<b>1,730,874</b>	<b>19,793</b>	<b>1,750,667</b>

**4 Charitable activities**

	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
College operating costs						
Staff costs (note 6)	1,733,546	80,878	1,814,424	1,812,422	36,767	1,849,189
Rent	403,960	—	403,960	403,960	—	403,960
Tools	23,892	—	23,892	38,531	—	38,531
Materials	65,556	—	65,556	53,855	—	53,855
Light and power	47,340	—	47,340	46,140	—	46,140
Rates	11,365	—	11,365	18,985	—	18,985
Insurance	32,706	—	32,706	30,604	—	30,604
Equipment repairs and maintenance	73,411	59,589	133,000	46,992	—	46,992
Telephone and IT	56,108	—	56,108	33,654	—	33,654
Exhibitions and advertising	15,697	—	15,697	20,327	—	20,327
Cleaning	28,560	—	28,560	25,214	—	25,214
Books, printing and stationery	29,298	—	29,298	33,440	—	33,440
Depreciation	28,135	—	28,135	33,579	5,504	39,083
Building Crafts College prize giving	6,272	—	6,272	8,634	—	8,634
Training and seminars	3,350	—	3,350	5,556	—	5,556
Exam fees	35,390	—	35,390	38,785	—	38,785
Provision for doubtful debts	12,604	—	12,604	12,311	—	12,311
Student welfare	38,428	—	38,428	39,641	11,895	51,536
Management charge	30,000	—	30,000	30,000	—	30,000
Governance costs	21,072	—	21,072	16,920	—	16,920
Miscellaneous	55,455	—	55,455	32,752	—	32,752
<b>2020 Total funds</b>	<b>2,752,145</b>	<b>140,467</b>	<b>2,892,612</b>	<b>2,782,302</b>	<b>54,166</b>	<b>2,836,468</b>

**5 Net (expenditure) income before gains on investments**

This is stated after charging:

Charity	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
Staff costs (note 6)	1,733,546	80,878	1,814,424	1,812,422	36,767	1,849,189
Auditor's remuneration	21,072	—	21,072	16,920	—	16,920
Depreciation	28,135	—	28,135	33,579	5,504	39,083
Operating lease rentals	403,960	—	403,960	403,960	—	403,960

**6 Employees and staff costs**

	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
Wages and salaries	1,358,587	80,878	1,439,465	1,470,544	36,767	1,507,311
Social security costs	141,805	—	141,805	141,765	—	141,765
Other pension costs	129,079	—	129,079	112,950	—	112,950
Other staff costs	104,075	—	104,075	87,163	—	87,163
	<b>1,733,546</b>	<b>80,878</b>	<b>1,814,424</b>	<b>1,812,422</b>	<b>36,767</b>	<b>1,849,189</b>

The average number of employees during the year was 54 (2019 – 55).

**6 Employees and staff costs** (continued)

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:

	2020 Number	2019 Number
£60,000 - £69,999	1	—
£80,000 - £89,999	1	1

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 £184,239 (2019: £105,982).

**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 (2019: 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 £
<b>Cost</b>			
At 1 July 2019	471,378	251,722	<b>723,100</b>
Additions	25,430	93,890	<b>119,320</b>
At 30 June 2020	496,808	345,612	<b>842,420</b>
<b>Depreciation</b>			
At 1 July 2019	441,208	216,162	<b>657,370</b>
Charge in year	13,401	14,734	<b>28,135</b>
At 30 June 2020	454,609	230,896	<b>685,505</b>
<b>Net book values</b>			
At 30 June 2020	42,199	114,716	<b>156,915</b>
At 30 June 2019	30,170	35,560	<b>65,730</b>

## 10 Fixed asset investments

	2020 £	2019 £
<b>Listed investments</b>		
Market value at 1 July 2019	58,084	53,454
Unrealised gains on investments	1,665	4,630
Market value at 30 June 2020	<b>59,749</b>	58,084
Cost of listed investments at 30 June 2020	<b>6,558</b>	6,558

Listed investments comprise COIF Charities Investment Fund Income units.

## 11 Debtors

	2020 £	2019 £
Course fees and support including accrued income	10,148	135,194
Government agencies	120,684	96,665
Other debtors	13,800	8,928
Prepayments	127,870	136,272
	<b>272,502</b>	377,059

## 12 Creditors: amounts falling due within one year

	2020 £	2019 £
Due to Carpenters' Company Charitable Trust	463,957	223,277
Due to The Worshipful Company of Carpenters	30,000	30,000
Due to Norton Folgate Trust	50,800	4,000
Other creditors and accruals	233,349	350,667
	<b>778,106</b>	607,944

## 13 Endowment funds

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

	At 1 July 2018 £	Investment gains £	At 30 June 2019 £	Investment gains £	At 30 June 2020 £
John Willson Trust	6,965	603	7,568	217	7,785
Technical Education (general)	1,171	101	1,272	36	1,308
Sir Henry Harben's Gift	14,051	1,217	15,268	437	15,705
Alfred Preston's Prize Fund	6,470	560	7,030	202	7,232
Barnes' Gift	1,531	133	1,664	48	1,712
Sir Banister Fletcher Trust	9,443	818	10,261	294	10,555
Major C A A Robertson's Prize Fund 1996	10,360	898	11,258	323	11,581
C K Austin Fund	3,463	300	3,763	108	3,871
	<b>53,454</b>	<b>4,630</b>	<b>58,084</b>	<b>1,665</b>	<b>59,749</b>

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 2019 £	Income £	Expenditure £	Transfers £	At 30 June 2020 £
Carpenters' Company funds	—	183,718	(100,718)	(83,000)	—
City & Guilds funds	2,000	24,000	—	—	<b>26,000</b>
16-18 Bursary funds	33,808	—	—	(10,705)	<b>23,103</b>
Adult Bursary funds	12,996	—	—	—	<b>12,996</b>
Sir John Cass PDBW fund	—	39,749	(39,749)	—	—
	<u>48,804</u>	<u>247,467</u>	<u>(140,467)</u>	<u>(93,705)</u>	<u><b>62,099</b></u>

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

The transfers to unrestricted funds represents the utilisation of the funds to meet College fees in line with the terms of the funds or amounts used for capital expenditure where the terms of the donation have been met.

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

- ◆ The Carpenters' Company funds were donations for specific purposes including repairs and capital expenditure.
- ◆ 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 represented 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 represented 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 2020 £
<b>Fund balances at 30 June 2020 are represented by:</b>				
Fixed assets	156,915	—	59,749	<b>216,664</b>
Current assets	621,191	62,099	—	<b>683,290</b>
Creditors: amounts falling due within one year	(778,106)	—	—	<b>(778,106)</b>
<b>Total net assets</b>	<b>—</b>	<b>62,099</b>	<b>59,749</b>	<b>121,848</b>
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Endowment funds £</i>	<i>Total 2019 £</i>
<i>Fund balances at 30 June 2019 are represented by:</i>				
<i>Fixed assets</i>	<i>65,730</i>	<i>—</i>	<i>58,084</i>	<i>123,814</i>
<i>Current assets</i>	<i>542,214</i>	<i>48,804</i>	<i>—</i>	<i>591,018</i>
<i>Creditors: amounts falling due within one year</i>	<i>(607,944)</i>	<i>—</i>	<i>—</i>	<i>(607,944)</i>
<i>Total net assets</i>	<i>—</i>	<i>48,804</i>	<i>58,084</i>	<i>106,888</i>

**16 Commitments****Operating leases**

At 30 June 2020 the total future lease payments under non-cancellable operating leases were as follows:

	Land and buildings	
	2020 £	2019 £
Payable within		
One year	<b>413,101</b>	400,274
Two to five years	<b>246,490</b>	464,841
	<b>659,591</b>	865,115

**17 Pension commitments**

Certain 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 £3,385 (2019 - £14,060). The last active employee in the pension scheme took his pension from 5 October 2019.

**17 Pension commitments** (continued)

The most recent valuation was as at 1 July 2019 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 2020 there were no active members in the scheme (2019 - one member 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 2019 updated to 30 June 2020 by a qualified independent actuary using FRS 102 guidelines.

	2020 £	2019 £
Market value of assets	<b>4,467,000</b>	4,944,000
Present value of scheme liabilities	<b>(4,747,000)</b>	(4,591,000)
(Deficit) surplus in the scheme – net pension (liability) asset	<b>(280,000)</b>	353,000

The assets in the scheme were:

	2020 £	2019 £
Deposit administration contract (insurance policy)	<b>4,467,000</b>	4,944,000

The major assumptions used by the actuary were:

	2020	2019
Inflation	<b>3.2%</b>	3.3%
Rate of increase in salaries	<b>N/A</b>	3.3%
Rate of increase for pensions		
· earned before 1 August 1998	<b>5.0%</b>	5.0%
· earned after 31 July 1998	<b>3.2%</b>	3.3%
Discount rate for liabilities	<b>1.4%</b>	2.1%

**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 £1,026,868 (2019 - £982,269), paid rent to Carpenters' Company Charitable Trust of £370,960 (2019 - £370,960) and paid rent to The Worshipful Company of Carpenters of £33,000 (2019 - £33,000). The charity also incurred a management charge from The Worshipful Company of Carpenters of £30,000 (2019 - £30,000) and received donations from The Worshipful Company of Carpenters of £183,718 (2019 - £2,945).

There were no other related party transactions.

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